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THE INTIMATE CONNECTION: LINKS BETWEEN THE POLITICAL AND ECONOMIC SYSTEMS IN CANADIAN FEDERAL POLITICS

BY

DAVID A. NOCK, M.A. ©

A THESIS
SUBMITTED TO THE FACULTY OF GRADUATE STUDIES AND RESEARCH
IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE
OF DOCTOR OF PHILOSOPHY

DEPARTMENT.SOCIOLOGY.

EDMONTON, ALBERTA

FALL 1976

THE UNIVERSITY OF ALBERTA

FACULTY OF GRADUATE STUDIES AND RESEARCH

The undersigned certify that they have read, and recommend to the Faculty of Graduate Studies and Research, for acceptance, a thesis entitled THE INTIMATE CONNECTION: LINKS BETWEEN THE POLITICAL AND ECONOMIC SYSTEMS IN CANADIAN FEDERAL POLITICS submitted by David Nock in partial fulfillment of the requirements for the degree of Doctor of Philosophy in Sociology.

Arthur K. Davis
Supervisor

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ABSTRACT

According to the "pluralist school", institutions in advanced western societies are relatively dissociated. Power is seen as fragmented with the State analyzed as a neutral arbiter.

One fragment of "pluralist thought" tends to downplay the links between the State and the business sector.

As opposed to these views, Marxist and other critical scholars point out the significant degree of linkage still to be found between institutional sectors.

Empirical studies in the United States, Britain, and France have shown the interpenetration of career patterns. Politicians become businessmen and businessmen become politicians with greater frequency than suggested by the pluralists.

Marxist scholars analyze these institutional linkages as evidence of the underlying unity of the two sectors.

The aim of this dissertation is to study empirically the existence of interpenetration patterns between the State and business sectors in Canada.

Interpenetration of career patterns occurs to such a degree as to be incompatible with pluralist thought. Thus this dissertation backs up earlier observations made on the subject by W. Clement, the Parks, J.S. Woodsworth, and others.

The significance of these interpenetration patterns is discussed theoretically. It is found that a more valid theoretical conception is provided by R. Miliband.

In analyzing the significance of the findings, it was necessary to

analyze the specific evolution of Canadian society from a hinterland-metropolis perspective as well as interpreting Canada as an example of an advanced western capitalist society.

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INTRODUCTION

Certain Marxist authors have argued that little emphasis in the tradition has been placed upon the nature of the State.[1] However, in a recent Monthly Review article (October 1975), authors Gold, Lo, and Wright, were able to identify three differing though interrelated Marxist theories or approaches to the State.

The first such approach they term "instrumentalist". This approach "provides a fairly straightforward answer to the question, 'Why does the state serve the interests of the capitalist class?' It does so because it is controlled by the capitalist class" (Gold et al, 1975:32). Following upon this initial question, the authors point out:

> The research agenda associated with this perspective has focused primarily on studying the nature of the class which rules, the mechanism which tie this class to the state, and the concrete relationships between state policies and class interests. The method consists of detailed studies of the sociology of the capitalist class, in the first instance simply to show that it exists; studies of the direct personal links between this class and the state apparatus, and links between the capitalist class and intermediary institutions (such as political parties, research organizations, and universities); specific examples of how government policy is shaped; and reinterpretations of episodes from the annals of history (Gold et al, 1975:32-33).

The second such approach to the State, the three authors termed "structuralist". "The structuralist analysis of the state categorically rejects the notion that the state can be understood as a simple 'instrument' in the hands of the ruling class" (Gold et al, 1975:35). As the authors point out, the structuralists believe "that the functions of the state are broadly determined by the structures of the society rather than by the people who occupy positions of state power" (Ibid:36).

The third Marxist approach to the problem of the State has been called by the authors "Hegelian-Marxist perspectives". As Gold and his associates point out, this school "operates at a somewhat higher level of abstraction" (1975:40). The key question of this approach appears to be, "What is the state?". "The basic answer is that the state is a mystification....Most of the writings in this perspective take off from this point and examine how the mystification occurs. They have placed great emphasis on ideology, consciousness, legitimacy, and the mediating role of institutions and ideas..." (Gold et al, 1975:40).

Essentially, the present work falls into the first, instrumentalist, perspective. However significant aspects of the structuralist approach have been introduced, especially in Chapter III and in other widespread sections, to show the structural conditions which produced the Canadian ruling class. The extreme structuralism encouraged by some French Marxist authors, has, however, been rejected. This question will be discussed at greater length in Chapter I, but it is the author's belief that when carried to extremes, the structuralist approach can be overly rigid, and may present too ossified and undialectical a view of the relationship of state and society.

It is thought that an attempt at (hopefully) a more sophisticated instrumentalist approach which considers the structural setting, may be fruitful. Gold and his associates identify between several exponents of the instrumental model. They criticize Domhoff for letting his work rest "almost entirely at the very personal level of showing the social connections between individuals who occupy positions of economic power" (Gold et al, 1975:33). The authors have an extensive but interesting analysis of the work of R. Miliband:

> Other instrumentalists, most notably Ralph Miliband, have attempted to situate the analysis of personal connections in a more structural context. While most of his analysis still centers on the patterns and consequences of personal and social ties between individuals occupying positions of power in different institutional spheres, Miliband stresses that even if these personal ties were weak or absent — as sometimes happens when social democratic parties come to power — the policies of the state would still be severely constrained by the economic structure in which it operates. Furthermore, he moves away from a voluntaristic version of instrumentalism by stressing the social processes which mould the ideological commitments of the 'state elite'. Nevertheless, in spite of these elements in Miliband's work, the systematic aspect of his theory of the state remains firmly instrumentalist (Gold et al, 1975:33).

In relating these two approaches together, one is reminded of the definitions of Robert Bierstedt for the terms status and role in his book The Social Order. Bierstedt defined status as a position in an organized institution which carries with it routinized and prescribed actions, rights, duties. He defined role as the behavioral variation possible, this variation depending on the personality and style of the individual holding a certain status position. Given the rules, regulations, and necessary conditions for an institution, nevertheless there are real differences in the way the role may be played. Pierre Trudeau and Robert Stanfield might occupy the same status position of Prime Minister, but the manner in which they played their roles would be different and would have different behaviours and results.

In relating this comparison back to the state elite and the ruling class, one can say that while capitalism requires certain actions to maintain itself, and forbids other actions, nevertheless there is a fairly wide boundary how state elites and ruling classes may operate the capitalist system. Social democratic Sweden is a capitalist state as is Spain, but one would be stretching a point to say that the state elite and ruling class in each country manages the capitalist system and the state apparatus in the same way. The differences are real and the consequences are real.

Thus in the following thesis, the main emphasis has been put on the instrumentalist approach to the State, but consideration has also been given to the structures which have given birth to the specific Canadian situation. In the thesis there is emphasis put on identifying career patterns of politicians and especially the interaction patterns that are built and maintained between the political and economic sectors. Inter-recruitment patterns since at least 1930 to the present have been so numerous and ordinary in occurrence that a definite pattern is evident. It is argued that this definite pattern indicates a special, an intimate connection or relationship, between businessmen, politicians, and the worlds they inhabit.

That there is a special relationship between the political and business sectors has been observed briefly by numerous observers over an extended period of time. J.S. Woodsworth, later the leader of the C.C.F. party, brought up the subject in 1927, with relation to the Senate. He pointed out the numbers of Senators who held large numbers of directorships "in order that the class nature of the Senate may be clearly seen. I take them [the names of Senators] almost at random" (Woodsworth, 1927: 1040).

In the Parks' work of 1958, there was also a discussion of "this community of interest" between the government and business sectors. There followed several pages of examples of leading Canadian politicians who had held important business portfolios and positions. However, the Parks attempted to integrate the instrumentalist and structuralist positions when they pointed out:

> The examples are personal examples; the relationship between big business and government is much more than a personal one; it rests on common class interests, on a community of understanding. The examples illustrate the relationship, but it exists and would exist even if cabinet ministers etc never became company directors or vice versa (L. and F. Park, 1958-1973: 55).

In a recent work by Wallace Clement, the interrecruitment patterns were also noted. Clement notes not only the interrecruitment patterns in terms of the occupational sphere, but he also discussed the linkages caused by kinship. All these interconnections of business and the political sector, serve to "illustrate the general unity between these two institutional spheres" (Clement, 1975:263).

Many more authors who have commented on the interrecruitment patterns might be cited. The pattern extends back into the nineteenth century. A historian writes of Sir Henry Smith (1812-1868), "Like many politicians of the Union period, he was by profession a businessman-lawyer" (D. Swainson, 1974:178). The only quibble with the above assessment might be the implication that matters have changed in any significant degree over the last 120 years.

The aim of this dissertation, then, is to look at the career patterns and interrecruitment patterns of politicians with respect to involvement in the corporate sector. It will be observed that the frequency of politicians obtaining business positions or of businessmen entering political life, is so common that the two institutional sectors may be better visualized as two intersecting circles with a substantial degree of overlap, rather than as two separate circles.

In attempting this work, it is hoped to elucidate and extend the more-or-less casual observations of such authors as the Parks and Clement, whose main focus was elsewhere. Data will be drawn on federal politicians from 1930 to 1973; Prime Ministers and their cabinets and Senators will be surveyed. The Prime Ministers will be looked at individually. With regard to the Cabinets and the Senate, casestudy examples and real type categories will serve to show patterns. At the end, in an appendix, it is hoped to provide lists of the business connections for all politicians in the data set.[2]

In attempting the present work, several sources have been drawn upon by the author. Firstly, there has been the influence of the "Carleton School" founded by John Porter, and carried on by some of his colleagues and by graduate students such as Wallace Clement and Denis Olson. Another strong influence has been that of the Monthly Review school of authors, especially as represented by my chairman, Dr. A.K. Davis. Thirdly, there has been the influence by the group of sociologists grouped around the periodical, The Insurgent Sociologist. One can especially point out the special issue, "New Directions in Power Structure Research", which was Vol V, No III, Spring 1975. Although Domhoff may be criticized, his work and that of others associated with The Insurgent Sociologist, has still been of great importance to the author. Finally, the author would like to point out the influence of certain English social scientists, especially Ralph Miliband and his most influential work, The State in Capitalist Society. This work has the great advantage of great lucidity and facility of style.

It is hoped by the author that the present work will make some contribution both to the development of a Canadian macrosociology (discussed by Wallace Clement, 1975b), and that it will be a respectable example of the structural-tinged instrumentalist approach to the question of the State.

METHODOLOGY

In this thesis, Prime Ministers, Cabinet Ministers, and Senators from 1930 to the present have been chosen for a study of political career patterns and recruitment into the business world. These three sectors of the political system were chosen since they are the groups responsible for legislation. Each bill or law must be guided through the House of Commons by the Prime Minister and Cabinet, and then the same bill or law must be passed by the Senate. It is no accident that Chapter IV, on the Prime Ministers, is the longest, since in the Canadian political system the Prime Minister holds predominant power. He has the power to appoint Cabinet Ministers and Senators.

For this thesis the business connections and career sketches were collected for all Prime Ministers, Cabinet Ministers, and Senators from 1930 to the present. Each individual Prime Minister was discussed in turn. In the case of Cabinet Ministers and Senators where the total was too large to allow of such individual treatment, several real-type categories were developed. Once again the emphasis was on career and inter-recruitment patterns.

In Chapter VIII the aim was to discuss the incidence of Canadian politicians who sit on foreign corporate subsidiaries. Thus the basic business directorship and executive information collected for each politician was compared with the detailed information listed by the Who Owns Whom series.

It is felt that this methodological procedure is valid for the problem at hand.

In the case of Prime Ministers, the small total universe justifies a complete study of the population. With the case of Cabinet Ministers, there are clearly too many for a complete enumeration of the population. In this case, "real type" categories were developed. It is believed that these categories actually represent something real, and are not simply "ideal types" constructed hypothetically. In illustrating these real types, case studies of individual politicians have been used. The same procedure has been followed in discussing the several hundred Senators in office since 1930. The real type categories have been developed to show different types of business careers, from marginal directors to top-rank executive businessmen.

Finally, the methodology of chapter VIII differs somewhat from that of previous chapters. The aim here is to find to what extent Canadian federal politicians sit on the boards of foreign corporate subsidiaries in Canada. To this end, two standard sources of business information have been compared against each other — The Financial Post's Directory of Directors and the British firm, O.W. Roskill, Reports.

It is felt that by use of the above procedures a clear picture of the interpenetration patterns of politicians into the world of business (and to some extent, vice versa) will be possible.

In this thesis the segments of the state elite studied have been the Prime Minister, the Federal Cabinets, and the Senate, that is, the government elite. Theoretically, this choice may call for some justification. For example, it may be asked why the study of higher civil servants was not undertaken. Similarly, the violent arms of the state such as the militia, the army, the police, and the RCMP actually provide the state with legalized repressive violence when necessary. Perhaps the study of these branches would provide interesting data on links with the business sector.

That the higher civil service is closely linked with business is true. A complete investigation would reveal more systematic results. However the general trend would seem to be clear. Peter Newman has a most interesting discussion on the entry of businessmen into the wartime civil service in his chapter "Present at the Creation: CD's Boys" (1975). Newman says:

> It was the network of connections and interconnections between business and government, fathered by Clarence Decatur Howe, that became the Canadian Establishment — its great dynasties spreading into every form of commercial enterprise across the country. It turned out to be an astonishingly resilient structure, with large remnants of the original group or their heirs still exercising the power that counts. When the dollar-a-year men fanned out at the close of World War II to run the nation they had helped to create, the attitudes, the working methods, and the business ethic they took with them determined the country's economic and political course for the next three decades (Newman, 1975:315-316).

Several fascinating tables in Newman's Appendix show the wartime position of these men and their subsequent business careers. Thus there is information provided on "The Munitions and Supply Gang", "The Exchange Control Board Alumni", and "The Wartime Prices and Trade Grads". In most cases these wartime civil servants went onto become Executives or Directors of Canadian corporations.

This pattern has continued to date. Simon Reisman, former Deputy Minister of Finance, is now Director of Burns Foods. Dr. John Deutsch, formerly Chairman of the Canadian Economic Council, was director of the Canadian Imperial Bank of Commerce, of Alcan Aluminium, and of International Nickel Co before his recent death (1976). Louis Rasminsky, former President of the Bank of Canada, is presently director with Alcan Aluminium, American Express, Bell Canada, Boise Cascade, The Canada Trust

Co, The Huron and Erie Mortgage Corp, and Shell Canada. Davidson Dunton, formerly Chairman of the CBC and co-chairman of the Royal Commission on Bilingualism and Biculturalism, is presently director of Shell Oil and Reader's Digest. Such a list could easily be extended.

If we have decided to study the government elite, it is because the government elite still holds primary power in the Canadian political system — especially the Prime Minister and his cabinet. In the literature of political science there has been some discussion as to what extent the civil service has "usurped" real power in liberal democratic countries.

At least in Canada it is our contention that real effective power remains in the hands of the government elite. That which rests in the hands of higher civil servants is delegated power. Dawson, Dawson, and Ward express the matter as follows:

> The minister is, of course, perfectly free to go against the advice which is tendered him by his administrators. In such an event, it then becomes the duty of the public servants to devote their best endeavours to the task of making the minister's policy work, even though they may in the first instance have advised against it. The key to the situation lies in the political responsibility of the minister for all the policies and activities of which he is the head. He takes the blame when things go wrong; he takes what little credit he can when things turn out well. It is obvious that under the circumstances no one but the minister can exercise the power of final decision in the department, for power and responsibility are inseparably linked together (Dawson, Dawson, and Ward, 1974:76).

All this is not to say that upper civil servants are flunkeys. The higher echelon, the mandarins, are crucial in the operation of the state system. However real power as opposed to delegated power is in the hands of the government elite. In our chapter on Liberal cabinet ministers, there is a partial list of upper-level civil servants who have entered the government elite. These include Mackenzie King, Lester Pearson, and Pierre Trudeau as well as many cabinet ministers. These men were not abandoning power for a symbolic role. Even in the case of the Anti-Inflation Board, one notices that final authority remains in the hands of the Federal Cabinet.

Similarly in other branches of the state, real power remains in the hands of the government elite. Even in the case of judges, where the doctrine of division of powers is upheld, judges are appointed by the Cabinet. Often the Cabinet appoints judges from their own group as a method of political retirement.

There are only two potential real checks on the power of the government elite. The first of these is the House of Commons which may, de jure, vote down bills proposed by the Prime Minister and his Cabinet. This possibility normally arises only in times of minority government. In times of majority government, the Prime Minister and his cabinet almost always are able to enforce their discipline on backbenchers of their own party. Dawson, Dawson and Ward suggest, "The cabinet has apparently ceased to be responsible to the Commons; the Commons has to all intents and purposes become responsible to the cabinet" (1974:55). The three authors refer to the cabinet with "its exercise of supreme political authority" (1974:55).

The other possible check on the government elite is that of public opinion. Short of a coup by the government elite, it must always worry about the upcoming election. In 1956 public revulsion against the Liberals over the Pipeline issue was a major reason for their defeat. Of course public opinion is very much moulded by the media and by other factors. We would not suggest that public opinion is composed of well-in-formed sovereign citizens.

If the above comments justify study of the government elite, especially the cabinet, then the Prime Minister pays even further study.

As Dawson, Dawson and Ward point out, the Prime Minister truly is the first among his ministers:

> The power of the prime minister over his cabinet is potentially enormous, although the degree and manner in which it is used will depend in large measure on the leader himself. He not only appoints the ministers to the cabinet, but he may also demand their resignations any time he sees fit. His is the most influential voice in the cabinet meetings, and his wishes will invariably receive special consideration and usually unhesitating support (1974:50).

Nevertheless the Prime Minister must use "tact and shrewdness" in his dealings with his ministers. In choosing a cabinet, the Prime Minister cannot appoint anyone he wishes. Or if he does so, he may be a poor politician. The Prime Minister must choose on the basis of regional, provincial, and linguistic consideration. More recently, the non-host ethnic groups and women have claimed a representative. Earlier, religion was also an important element and a Prime Minister would often plan for a New Brunswick Acadian Catholic, a Quebec English Catholic, or a French Canadian Catholic from Ontario. However religion has declined in importance though a balance between Roman Catholics and Protestants is maintained if only because of correlation with ethnic background. Earlier, representation had to be provided among the different Protestant sects as well.

Regional and provincial representation remains a crucial factor. Normally every province which sends at least one MP from the governing party, will be represented in Cabinet.

It is at this point that we have discussed the reasons for studying the Prime Minister and his cabinet. In the chapter on the Senate, details are given why that body has been included in the government elite. To anticipate those points, we may say that Senators have so many business connections while they are sitting as well as before their appointment that this pattern of interpenetration is an important consideration in the smooth coordination of the government and corporate elite segments of the ruling class. In addition the Senate is used by the Prime Ministers as a lucrative location to install higher echelon party workers. To mention these factors is not even to mention the Senate's role in the more technical exercise of initiating and voting on legislation. Since there is no means short of scandal that a Senator may be removed from office until he is 75, the Cabinet and Prime Minister cannot control the Senate in the same way as their own backbenchers. However like judges, Senators are appointed by the Prime Minister and his Cabinet.

Thus the constituent elements of the government elite have been chosen for study because it is our belief that these sectors of the state system are those that wield effective real power in the political sector, or who hold an important intermediary role while retaining a direct political role as well. We would not claim that other segments of the state system are unimportant. Merely that the government elite holds primary power in the coordination, functioning, and continuance of the state system.

NOTES

1 In this work the term State will refer generally to the complex of departments directly paid for by the Government of Canada. Thus, the State includes the government the bureaucracy, the army, the R.C.M.P., the legal system, and the Crown Corporations, to name but a few branches.

The state and its governmental constituent are not neutral. They are instruments in the hands of the bourgeoisie. The classic Marxist text on the state is as follows: "...the bourgeoisie has at last, since the establishment of Modern Industry and of the world market, conquered for itself, in the modern representative state, exclusive political sway. The executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie" (Marx and Engels, 1848-1971:34).

In Chapter I, Marxist analysis will be carried on further. It should be added that there are points of difference or emphasis among Marxists. While Marxian analysis of the State starts from the Marx-Engels quote cited above, the dialectical tradition has had to elaborate and interpret its meaning in different time periods and in specific situations.

The term Government will normally refer to the more restricted complex of departments which are directly involved in passing legislation. These departments or agencies include the Prime Minister, the Cabinet, the House of Commons, the Senate, and the Governors-General. The government possesses final authority over the use of State violence.

The term Government Elite in this work will refer to the Prime Minister, the Cabinet, and to Senators. It is the Government Elite which is under survey in this study. Ordinary non-ministerial Members of Parliament have been excluded from the term "Government Elite" since they are normally under direction from the Prime Minister and his Cabinet. Governors-General were omitted on advice of members of my examining committee who felt that the symbolic nature of the position negated any real "power" or impact in the legislative process.

[2] This information will be available privately from the author.

CHAPTER I: THE STATE AND A CRITIQUE OF PLURALISM

In this thesis the aim is to observe the career patterns of federal politicians, to look at the interrecruitment between the political and business sectors, and to inquire into the nature of socioeconomic inequality, especially at the federal level. To accomplish these aims, it is necessary to discuss certain scholarly debates about the nature of the state. It is also necessary to analyze the "pluralist" position advanced by many western political scientists and social scientists. Certain Marxist approaches to the question must also be raised. The aim of this chapter, then, is to provide the framework in which later empirical chapters will fit.

However to discuss the various questions outlined in the first sentence above, the nature of polity and economy must also be understood. Without such an analysis, the context of the thesis would not be clear. It makes little sense to analyze the component parts of a social system, if the analyst does not have a clear picture of the "whole". It is the belief of the present author that such an understanding of the whole can only be gained by knowledge of the political economy within which social systems operate.

In this regard, Chapter II is meant to point out the weaknesses of two prominent models of political economy. Chapter III attempts a neo-Marxist analysis of the particular nature of capitalist development in Canada. Thus the structural context is established for the later chapters which discuss particular individuals or particular arms of the state.

To recapitulate, Chapter I will discuss various debates centred around the notion of the state, and of pluralist analysis concerning the recruitment of the government elite. It will be shown that analysis by pluralists on the question of recruitment to the government elite has often been questioned on an empirical basis. In later chapters this thesis will present data to show the weakness of the pluralist position relative to Canada as well. Finally, a consideration of the positions of various Marxist thinkers will be undertaken. This consideration will aid in refining our conceptualization of the state.

THE PLURALIST MODEL

In the introduction to The State in Capitalist Society, Ralph Miliband points out, "More than ever before men now live in the shadow of the state. What they want to achieve, individually or in groups, now mainly depends on the state's sanction and support" (Miliband, 1973:3). Yet analysis of the state itself, Miliband concludes, "has long been very unfashionable":

> A vast amount of work has, in the last few decades, been produced on government and public administration, on elites and bureaucracy, on parties and voting behaviour, political authority and the conditions of political stability, political mobilization and political culture, and much of this has of course dealt with or touched on the nature and role of the state. But as an institution, it has in recent times received far less attention than its importance deserves (1973:4).

To some extent this reluctance would seem to be due to the attempt by conservative Western political scientists and sociologists to avoid connotations such as exploitation and domination which were implicit in older definitions of the state. E.H. Carr writes that "a widespread tendency of nineteenth century western political thought" was to treat the state "as something inherently evil" (Carr, ed:1920-1060:30). Society was seen as an association of men freely working together for the common good; the state, on the other hand, "was the instrument or symbol of compulsion imposed on them from above" (Carr, ed:1920-1969:30).

However the pluralists generally believe the state to be the tool of the citizenry-as-a-whole. This attitude comes out very clearly in an article on the state published in the influential International Encyclopedia of the Social Sciences. Frederick M. Watkins writes:

> the concept of the state is little used. The difficulty is that it places excessive emphasis on the coercive aspects of political life. In the days of absolute monarchy it was not unnatural to think of politics as a one-way relationship of command and obedience between a ruler and his subjects. The interaction between a sovereign people and its government cannot be so simply understood....That is why political scientists generally prefer to use other terms in describing the phenomena that once were subsumed under the concept of 'state' (1968: 156).

Thus the concept of the state has often been dropped by modern social scientists in a manner not so different from their fear of the term "capitalism" or "capitalist system". One prominent school, led by the "cybernetic" school of political scientists such as David Easton in The Political System (1953), has tried to replace study of institutions as such by observing instead the communications network which results in policy decision or "output". The trepidation of such political scientists as Easton when faced with a concept such as the state, is seen in his comment:

> Bearing in mind the actual history of the political use of the concept, it is difficult to understand how it could ever prove to be fruitful for empirical work; its importance lies largely in the field of practical politics as an instrument to achieve national cohesion rather than in the area of thoughtful analysis. We can, therefore, appreciate the

> difficulty into which we must fall if we attempt to treat the concept as a serious theoretical tool (Easton, 1953-1966:112-113).

Another tactic used by political thinkers has been to avoid discussion of the state, and to use related terms such as "government" [see the note to the Introduction]. This, Talcott Parsons has done in his 1969 article "Theoretical Orientations on Modern Societies". Parsons, of course, attempts to define "government" in terms of its functions:

> The first concerns responsibility for maintaining the integrity of the societal community against generalized threats, with special but not exclusive reference to its legitimate normative order. This includes the function of enforcement and a share in the functions of interpretation at least. Moreover, the general process of governmental differentiation creates spheres within which it becomes admissable explicitly to formulate and promulgate new norms, making legislation part of this function also. The second primary function, the executive, concerns collective action in whatever situations indicate that relatively specific measures should be undertaken in the 'public' interest. This involves certain inherently essential matters, such as defense of territorial control and maintenance of public order. Other wise, the content to executive responsibility may include almost any issue deemed to be 'affected with a public interest' (Parsons, 1969: 45-46).

The translation of this passage would indicate that the function of government is to save "the societal community" from significant change, to enforce whatever minimal or reformist change the government may see fit, and to act on behalf of what the government deems to be "the public interest". There is also irony in the passage — twice the function of government in warding off external threats is noted. This at a time when the American government itself was waging war.

The conservative nature of these descriptions of the government would seem to be clear — the function of government is to prevent change of a revolutionary nature from transforming "the societal community". Why it serves "the public interest" to be saved from revolutionary change, why only moderate change is supported by Parsons so that the existing political system is ensured longevity — all of these questions beg answers. However they cannot be answered if questions of control are bypassed. The Romans coined the phrase "qui bono?" — who benefits? This is perhaps the most crucial question of sociology, and it cannot be answered by definitions which simply have "the capacity of the institution to survive" at their root.

Following upon the belief of conservative modern social scientists that notions of superordination and subordination must be avoided when discussing "democratic" systems, the pluralist model has been developed. The effect of this conception of the political process is to minimize the dominance and hegemony of the state. As Miliband summarizes the pluralist position:

> A theory of the state is also a theory of society and of the distribution of power in that society. But most Western 'students of politics' tend to start, judging from their work, with the assumption that power, in Western societies, is competitive, fragmented and diffused; everybody, directly or through organized groups, has some power and nobody has or can have too much of it. In these societies, citizens enjoy universal suffrage, free and regular elections, representative institutions, effective association and opposition; and both individuals and groups take ample advantage of these rights under the protection of the law, an independent judiciary and a free political culture (Miliband, 1973:4).

The pluralist position usually involves the notion of "countervailing forces" (Galbraith) or "veto group". Sometimes such countervailing veto groups have been found embedded in the organization of the state itself. Grant McConnell argues that the state is not, by and large, under the influence of "narrowly based and largely autonomous elites" because the machinery of the division of powers among government offices prevents this:

> Fortunately, not all of American politics is based upon this array of small constituencies. The party, the Presidency and the national government as a whole represent opposing tendencies. To a very great degree, policies serving the values of liberty and equality are the achievements of these institutions (McConnell, 1966:8).

At other times, the veto groups are seen to be outside rather than inside the government, presumably checking whatever unified elite direction emerges despite the division of powers:

> For pluralists, the upper class is no longer a ruling class. They argue that the upper class has lost its power over the last 30 or 35 years to a variety of 'interest groups' or 'veto groups' who contend for power on an almost equal footing. These veto groups include corporate managers (usually conceived of as a group apart from hereditary owners), technical-intellectual elites, organized farmers, organized laborers, consumers, and a strong federal government which has gained considerable autonomy from big business (Domhoff, 1967:141).

Quite often the pluralist school conceded that in earlier times the state was dominated by class or socioeconomic elite groups but they claimed that such dominance had ended by the period of the "great American celebration" of the 1950s. Thus Lipset did not deny the conflict-oriented dialectical nature of the historical process in earlier times, but he asserted that the contradictions of industrial-capitalist society had ended:

> This change in western political life reflects the fact that the fundamental political problems of the industrial revolution have been solved: the workers have achieved industrial and political citizenship; the conservatives have accepted the welfare state; and the democratic left has recognized that an increase in overall state power carries with it more

> dangers to freedom than solutions for economic problems. This very triumph of the democratic social revolution in the West ends domestic politics for those intellectuals who must have ideologies or utopias to motivate them to political action (Lipset, 1963:442).

As John Hutcheson points out, the key to the pluralist idea is the notion of neutrality. The state is seen as a type of impartial arbiter, adjudicating between conflicting interest groups. According to the pluralist view, "government is merely a focal point for pressures from all parts of society, and...the government, as a neutral force, merely reflects, adjudicates and resolves the competing process" (Hutcheson, 1973:153). No doubt this conception of the state has reassurred many researchers in their assumption of value-neutrality.

But to deny the real properties of an entity is itself to be unscientific. In social science, attribution of properties may indeed have socioeconomic implications and imputations. Recognition that the state might not be a neutral arbiter certainly would result in a different set of attitudes, and possibly in political behaviour. However that may be, the aim of social science must be to identify real properties.

As Ralph Miliband notes, the "first result" of the pluralist school "is to exclude, by definition, the notion that the state might be a rather special institution, whose main purpose is to defend the predominance in a society of a particular class" (1973:5).

BUSINESSMEN AND THE STATE

One prominent pluralist, Arnold Rose, is particularly concerned with countering the notion that there is a special or integral linkage between the state and the business sector in advanced capitalist societies. In his own interpretation of the United States he wrote:

> We have adduced much evidence in this book that the top business elite are far from having an all-powerful position; that power is so complicated in the United States that the top businessmen scarcely understand it, much less control it; and that since 1933 the power position of businessmen has been declining rather than growing (Rose, 1967:490).

Ignoring the documented fact that political parties in Canada and other parts of the advanced capitalist world are, with the exception of the social democrats, paid for by business and the wealthy corporate elite (Paltiel, 1970:infra), Rose asserts:

> The fact that the political party in most states is an open, if not entirely democratic, voluntary association, and the fact that it is the single most important influence on most elected officials, also gives the non-wealthy citizen access to political power often greater than that of the wealthy, but not politically active citizen (Rose, 1967:490).

Rose holds that the power structure in the United States is "highly complex and diversified" and his own approach he calls "the multi-influence hypothesis". He grants the essential legitimacy of the political system, as did Lipset for the more recent period since the end of World War II: "The political system is more or less democratic (with the glaring exception of the Negro's position until the 1960s)" (Rose, 1967: 492).

Essential to Rose's view of the legitimacy of the political system is the notion that the business fraction does not and in a sense should not dominate the state. He asserts, "In political processes the political elite is ascendant over and not subordinate to the economic elite, and and that the political elite influences or controls the economic elite at least as much as the economic elite controls the political elite" (Rose, 1967:492).

However, Rose clearly would not be disposed to admit weaknesses in his model merely by empirical findings that businessmen do control the state by indirect or even direct ways. Thus if businessmen do run for office, he assumes they no longer represent the "economic elite" simply because of their new political affiliation. He believes that such a career switch disjoints a businessman completely from his earlier career. "In recent decades, not many leading businessmen have sought elective office, and when they have...they took on a completely new occupational commitment, in the same way that professors Paul H. Douglas and John G. Towers left academic life completely for senatorial careers" (Rose, 1967: 116). For contrary views and proof, see Lundberg (1973) and Domhoff (1967).

Thus Rose's model depends on a tautological waterproof logic which no empirical proof would seem capable of cracking: no significant numbers of businessmen are involved in the political system and those that do hold office, by the mere fact of their institutional affiliation, become representatives of the political elite rather than the economic elite. No wonder Rose concludes that the political elite wields at least as much power as the economic elite.

Lest it be thought that the pluralists stem only from the United States, it should be pointed out that the "logic" of pluralism stems from a certain view of the evolution of industrial society. This view holds that with increasing complexity caused by the industrial revolution comes increasing specialization. Therefore institutions which at one time held several functions now are restricted to more specialized roles. As Merlie and Silva explained these theoretical differences:

> One of the central differences between elite and

> pluralist theories of society involves the character of the industrialization process. Pluralists tend to see industrialization as a process of loosely guided, and often unintended, structural, differentiation. This process necessarily creates a series of sharply separated and rather autonomous institutional areas. Thus pluralists usually insist on the social separation and structural autonomy of economic, political and kinship organizations in modern society ....On the other hand, elite theory denies the plausability of such segmental visions of advanced industrial society (Merlie and Silva, 1975:149).

Thus there are adherents to the pluralist approach in most areas of the Western industrial world. Granted that the centre of strength for the pluralists has been the United States, yet such a well-known French sociologist as Raymond Aron is a leading adherent and pluralist spokesman:

> As society becomes more and more modernized, the dissociation of the ruling minorities results in the increasing effectiveness of the electoral process. Pressure groups, intellectuals and ideologists represent numbers, ideas, diverse levels of society, and contradicting claims. They exert a direct or indirect influence on the politicians and the rulers. The leaders of some categories at least are themselves obliged to heed the complaints and demands of those whom they represent. Indirectly, by means of social pluralism and competing political parties, industrial society is nearing the democratic ideal (Aron, 1969:61).

The desire to deny the influence possessed by business over the state seems to stem from the polemical orientations of what James Petras has called "the school of stabilizing equiliberalism (or simply 'the equiliberals')" (Petras, 1965-1971:76). He has pointed out that, "The prime value concept underlying the work of all equiliberals is stability". Only "marginal changes" are seen as desirable. Apparently the equiliberals have seen very clearly that to admit the predominant influence of the business sector over the state would serve as a challenge to their various balance theories. Thus they have strongly attacked the works of Marxist scholars such as Ralph Miliband or radical populists such as C.W. Mills and his important work, The Power Elite (1956).

Other scholars who are not equiliberals or Marxists or radical populists or Red Tories but defenders of corporate capitalism, are quite willing to acknowledge the considerable participation of businessmen in the state apparatus without the obfuscation which the polemical orientations of the equiliberals produces on their work. Thus Edwin M. Epstein, no radical scholar, expressed in the preface to his book "[my] present view of the legitimacy of corporate political activity" (1969:ix). He does not, like pluralists such as Rose, deny the interrecruitment linkages between the political and economic systems. In fact he underlines the prominence of businessmen who go into political life and he compares this to the smaller participation of labour leaders in similar roles:

> Mention was made earlier of another means by which business leaders have an impact upon governmental institutions and activities — actual service in official capacities. The names of cabinet members Robert S. McNamara (Ford Motor), C. Douglas Dillon (Dillon, Reed and Co), Charles E. Wilson (General Motors), George M. Humphrey(Hanna Mining), and Thomas S. Gates, Jr. (Morgan Guaranty) readily come to mind as corporate leaders who have occupied positions at the highest levels of federal officialdom....One would be hard put to assemble a comparable list of labor leaders who have held positions in government of comparable importance (Epstein, 1969:200).

Part of the problem in this ongoing debate over the extent to which business and the state are interlocked centres around the question of measurement — who may be defined as a businessman. In many studies of the occupational backgrounds of political officeholders, a strong differentiation is made between "businessmen" and the professions, especially law. Thus Leon Epstein, as reported by Manzer, "analyzed the occupations of

275 federal cabinet ministers for the period 1867 to 1957 and found 140 (50.9 per cent) of them were lawyers, 51 (81.5 per cent) of them were in other professions including medicine and journalism, and 65 (23.6 per cent) were businessmen" (Manzer, 1974:239).

Pluralist studies concerned in avoiding the imputation that the state elite is recruited from the business elite, frequently avoid mentioning that lawyers very often develop important business roles at some stage or other of their careers. Beth Mintz points out, "The inclusion of corporation lawyers, often overlooked in pluralist studies, is especially important because they are considered by observers as varied as economist Robert Gordon, lawyer A.A. Berle, Jr., and sociologist C. Wright Mills to be liaisons with government for the big-business community" (Mintz, 1975:134). Domhoff had noted this same point several years earlier: "A businessman-lawyer dichotomy, as used in so many studies, is very deceptive if the role of corporation lawyers within the big business community is overlooked" (Domhoff, 1971:346).

In empirical terms, Wallace Clement (1975c:35) has shown that in 1972, 21.7 per cent of the Canadian-born corporate elite were lawyers, an increase from the 17.7 per cent figure that Porter reported in 1951. In 1972, lawyers represented the biggest single group in Clement's breakdown of the Canadian-born corporate elite.

Similarly, in R.W. Johnson's detailed study, "The British Political Elite, 1955-1972", he found that "42.5 per cent of lawyer-MPs held business connections" (Johnson, 1973:59). He concluded: "In fact, a very large number of the 'professional' bloc might well be accounted businessmen. It is among the dominant group of lawyers, second only to the farmers and landowners, that the process of interpenetration of interests has run down furthest" (Johnson, 1973:58).

Furthermore, the influence of political careers on business careers and vice versa is complex and cannot be adequately studied by straightforward percentages considered apart from general sorts of career patterns. As Johnson notes, "The problem is that many MPs hold positions in business subsidiary to their main profession; that some jettison these connections upon their election; and that many more find that their election opens the gate to their acquisition of such positions" (Johnson, 1973:56-57).

Thus at the cabinet and Senatorial level, many lawyers and other professionals seem to use political careers as a lever to get started in business careers either at the same time as holding office (for Senators and some cabinet ministers of an earlier period) or after their retirement from politics (as for many cabinet ministers at all periods).

The situation discussed by Johnson also holds for Canada. There is a pattern of interpenetration of professional and business careers, and success in politics appears to promote such interpenetration. Thus the approach of this thesis will be to consider as "businessmen" any person who holds a directorship or executive office for one year or longer. Of course, important distinctions can and will be made with the data compiled — between directorships on dominant, middle-sized or small firms, between directorships on subsidiaries or associated firms of multinational enterprises on the one hand and native Canadian firms on the other, and between persons holding directorships only as opposed to those who fill executive offices.

In following this methodology, the approach of Beth Mintz will be followed. Author of an article "The Presidential Cabinet, 1897-1972" dealing with the United States, Mintz defined politicians as belonging to the business elite in the following manner, "A cabinet official was termed a member of the business elite if at any time in his career, whether before or after his service in the cabinet, he sat on at least one board of directors of a business corporation..." (Mintz, 1975:134).

In explaining why this process of interpenetration goes on, we must consider the political and economic sectors as part of one essential system. Such an interpretation goes against the grain of pluralist thinking with its theme of the dissociation of sectors in advanced societies. However only when one realizes the interrelatedness of institutions in capitalist society, can one understand the process of interpenetration.

All major institutions in capitalist society contribute to the maintenance of that society. This is true no less of ideological systems such as the mass media, literature, films, or the educational sector.

The political and economic systems are related especially because it is one of the tasks of the political system to defend the principle of private property and the private appropriation of the economic surplus created by the working class. This is done either by means of the carrot (when favourable conditions allow) such as by various income schemes, family and baby allowances, etc. Or it is done, when need be, by use of the stick. At this point the government elite condones or actually sanctions the means of violent repression.

Therefore when corporations "reward" politicians with corporate directorships, they merely express their thanks for the generalized "tension management" task which is undertaken by the state, and especially by the government elite. At the same time, because of the intimate relationship between the two systems based on the defence of capitalism as a political-social-economic order, prestige is portable between the two systems.

If a politician has shown himself adept in one sphere, then corporate managers assume that he will be adept in the other but related sphere of the economic system. Thus a John Turner is rewarded by bluechip directorships shortly after his retirement from the post of Minister of Finance. He would hardly have been rewarded in such a manner if his aim had been the supercession of the capitalist structure.

For the politician himself, there are several reasons for acceptance of such directorships. Of course there is a clear distinction here between "occasional" and "professional directors" and politicians who become full-time executives or tycoons. In the former case, directorships are often accepted by lawyers with corporate interests who perceive that board room membership will improve the wealth and prestige of their own legal practise (Winsor, March 22, 1976).

Thus the seating of politicians on boards is a rational consequence of the relation of the political and economic systems. It is not dependent solely or even largely by personalistic considerations but by structural relations between the two systems.

It is only with populist or opportunistic attacks that members of the government elite become uneasy. For example, until the 1950s cabinet ministers could and did continue to remain on corporate boards. It was not until George Drew as leader of the Opposition, pointed out this pattern as leading to possible direct conflicts of interest, that the practise ceased (see Pickersgill 1975:infra).

HOW MANY MODELS?

It is clear that the pluralist model of business and political sectors as relatively dissociated structures is unrealistic. The question must be raised of what theoretical conception to put in its place. Here, unfortunately, there reigns a certain amount of confusion among opponents of the pluralist school.

One prominent approach developed by critical American social scientists is to use an elitist model which is contrasted to the pluralist model. Several of the authors in "New Directions in Power Structure Research" depend on the elitist model for their theoretical base. Mintz divides the controversy "into two opposing camps: pluralism versis elitism" (Mintz, 1975:131). But she does not consider a third interpretive model based on the Marxian notion of class analysis. Merlie and Silva also contrast pluralism to their own elitist model. Yet they define the elitist model in terms which would better suit the Marxiam paradigm, "... elitists are likely to see advanced industrial society as the outcome of a developmental struggle between those who own and control the means of production, and those whose participation in production is limited to being wage-earners" (Merlie and Silva, 1975:149).

But in thus contrasting pluralist and elitist models, such authors have carried out the dangerous operation of collapsing three models into two. Any true elitist model is based on the work of neo-Machiavellians such as Pareto, Michels, or Mosca who were working within an explicitly anti-Marxist paradigm. Instead of seeing class conflict as the prime mover of historical and political change, they saw the seizure of power by elites as key. The elites might claim to speak for the masses or might be openly disdainful of the masses. Either way, the elites had their own personal self-interests at heart rather than any class solidarity.

There was variation in what factors the neo-Machiavellians used to explain the success of the dominant elites. As Parry says, "...there were those who, like Mosca and his disciple Michels, held that an elite owed its power predominantly to its organizational abilities. Pareto and his followers, by contrast, traced the elite's position to the psychological makeup of both elite and non-elite, this being in turn explicable in terms of certain constancies in human nature" (Parry, 1970: 105).

This confusion between elitist and Marxian models may in some degree be due to the long-lasting influence of C. Wright Mills on the development of power structure research in North America. While credit must be given him for writing on politically sensitive matters in a vivid way, Mills' work is not entirely valid from the theoretical standpoint. As Sweezy pointed out in his important review essay "Power Elite or Ruling Class?" (1956):

> It is too bad that Mills gets into this kind of a mess, because as I indicated above, his work is strongly influenced by a straightforward class theory which, if he had stuck to it and consistently explored its implications, would have enabled him to avoid completely the superficialities and pitfalls of elitist thinking....No, the facts simply wont't fit Mills theory of three (or two) sectional elites coming together to form an overall power elite. What we have in the United States is a ruling class with its roots deeply sunk in the 'apparatus of appropriation' which is the corporate system. To understand this ruling class — its metaphysics, its purposes, and its morals — we need to study, not certain 'domains' or American life, however defined, but the whole system of monopoly capitalism (Sweezy, 1956-1972:104).

Domhoff (1974:4) has tried to use the key concepts of both the elitist and Marxist paradigms by defining them so that they each have an interrelated meaning within an overall Marxian interpretive schema. He defines "power elite" as a leadership group or arm of a wider ruling class which bases its hegemony on private appropriation by means of capitalism. Thus, he defines "ruling class" as "a clearly demarcated social upper class" which "controls the major economic institutions of the country"; which is disproportionately wealthy; and which dominates the governmental process. It "fares better than other social groups on a variety of well-being statistics". Specifically, Domhoff defines power elite as "the operating arm" or "leadership group" or "establishment" of the ruling class. This refinement is valuable since, as Domhoff points out, "The distinction between ruling class and power elite allows us to deal with the everyday observation, which is also the first objection raised by critics of ruling-class theory, that some members of the ruling class are not involved in ruling, and that some rulers are not members of the upper class" (Domhoff, 1974:4).

Thus as opposed to the pluralist, elitist, or Paretian paradigms, we may conceptualize the state as particularly serving the interests of those classes which may be designated the bourgeoisie. As Engels explained this term, and its opposite, proleteriat:

> By bourgeoisie is meant the class of modern capitalists, owners of the means of social production and employers of wage labour. By proletariat, the class of modern wage labourers who having no means of production of their own, are reduced to selling their labour power in order to live (Engels, 1888-1971:32).

C.B. MACPHERSON AND THE LIBERAL DEMOCRATIC STATE

At this point it may be useful to analyze the growth of the liberal-democratic state in advanced capitalist countries. This exercise is of importance since typically pluralists do not discuss in any coherent fashion the relation of the state to the economy over time.

C.B. Macpherson has undertaken this task in commendable lucidity in his brief series of Massey lectures, The Real World of Democracy (originally in 1965). He points out the strong correlation between liberal-democracy and capitalism, and the unlikely spuriousness of this connection:

> A third fact, which some people find admirable and some people would prefer not to have mentioned, is that liberal-democracy and capitalism go together. Liberal-democracy is found only in countries whose economic system is wholly or predominantly that of capitalist enterprise. And, with few and mostly temporary exceptions, every capitalist country has a liberal-democratic political system. It would be surprising if this close correspondence between liberal-democracy and capitalism were merely coincidental... (Macpherson, 1965-1970:4).

The only amendment to be made on the above passage, an important one, is to point out that capitalist countries generally have liberal-democratic political systems in the areas of advanced capitalism. Many Third World countries are capitalist as well, but the correlation to liberal-democracy does not hold there.

Another important insight provided by the Macpherson lectures is that the liberal state tied to a possessive market economy was established well before the features we know today as constituting political democracy. Macpherson points out the recent addition of political democracy to the functioning of the state, "Democracy used to be a bad word....That was the position taken by pretty nearly all men of intelligence from the earliest historical times down to about a hundred years ago. Then within fifty years, democracy became a good thing" (1970:1).

The point which Macpherson clearly establishes is that "democracy came as an adjunct to the competitive liberal society and state" and that "the first need of a market society was for the liberal society, not a democratic one..." (Macpherson, 1970:10,35). That is to say, that the prime requisite of a capitalist state is not the "democratic system" given so much attention by pluralist thinkers, but the establishment of free contract wage-labour relations.

Within the liberal-democratic capitalist state, the party system has developed. Many pluralist authors praise this development as establishing the cornerstone for freedom in the political system. However as Macpherson points out, the party system is carried on within the confinements of the capitalist system. Thus although the state does act as an arbiter in some sense, it does so allocating its priorities within the capitalist system. "The job of the competitive party system was to uphold the competitive market society, by keeping the government responsive to the shifting majority interests of those who were running the market society" (1970:9).

Given the nature of the development of the liberal-democratic state and its role in sustaining capitalism, there should be no surprise if there are close relationships between the leaders of the capitalist system and the political representatives of the liberal-democratic state. The pluralists ignore the fact that the extension of political democracy over the last 100 years has taken place in the context of the liberal-democratic state, itself closely correlated and structurally related to the rise of the capitalist mode of production. It is true that direct patterns of interpenetration between the business sector and the government elite are not the only indication of the connection between the capitalist business sector and the liberal-democratic state. Nevertheless as Miliband has written, "This entry of businessmen into the state system has often been greatly underestimated" (1973:52).

In Canada, the claim has been made by several authors that businessmen do not typically participate in the political system. Leslie Roberts has written, "Labour is likely to protest if many big businessmen are included in the inner circle, and from Laurier's day on it has been Liberal strategy to hold down, if possible even to exclude nationally known captains of industry" (Roberts, 1962:8). Van Loon is also concerned to question the recruitment linkage between the business and political sectors. He raises the matter in this manner:

> It has occasionally been alleged that when a man leaves the cabinet he must go back to private industry in order to earn a living, and that this makes him particularly susceptible to the blandishments of industrialists when he is in the cabinet. If this were so then we might expect some of the business oriented attitudes which ministers might have to be further reinforced (Van Loon, 1974:139).

In a very poorly argued and poorly documented paper, Van Loon concludes to his own satisfaction: "When the nearly 70% of ex-ministers accounted for above is added to those who simply retire it can be seen that the former cabinet minister does not in general go back to private life" (1974:139).

One of the aims of this dissertation will be to document carefully that such interpretations are empirically invalid. Rather, as Miliband and Domhoff and his associates have found, recruitment into the political system is closely related to the business world. When important career executives or tycoons do enter the government elite, there is little evidence of a barrier, witness the careers of M. Sharp, Bud Drury, J. Richardson, or Vincent Massey.

THE MILIBAND-POULANTZAS DEBATE

A rather different but important debate on the question of the state has raged for several years between Miliband and the French Marxist sociologist Nicos Poulantzas. Seeing the state as bound and determined by an objective set of relations, Poulantzas does not accept empirical studies of the recruitment patterns of the government elite as showing the validity of Marxian analysis of the state and its relation to the superordinate classes. In fact, Poulantzas believes capitalism as an institution or form of social organization, is safer when the government elite is not recruited from businessmen. If recruitment of the government elite from the superordinate classes is low, then the objective functions of the state in supporting the superordinate classes would be less obvious to the subordinate classes.

As Poulantzas says, "It can be said that the capitalist state serves the interests of the capitalist class only when the members of this class do not participate in the state apparatus" (Poulantzas in Blackburn, ed, 1972:246). To quote further from Poulantzas:

> ...because the direct participation of members of the capitalist class in the State apparatus and in the government, even where it exists, is not the important side of the matter. The relation between the bourgeois class and the State is an objective relation...the direct participation of members of the ruling class in the state apparatus is not the cause but the effect, and moreover a chance and contingent one of this objective coincidence...participation, whether direct or indirect of this class in government in no way changes things (1972:245-246).

These are strong assertions since if they were accepted then much of the research of Miliband or Domhoff would be judged useless. Miliband has defended himself and the school of what might be called "the empirical Marxists" by stressing the "superdeterminism" of Poulantzas' approach. In other words, Poulantzas implies that which type of men are members of the government elite does not matter, given the "objective" relations of capitalist society. But such a view, according to Miliband, is excessively superdetermined in that capitalist society can accomodate several types of political systems. Even within the same political system, differing government elites do make a difference. For example, a social-democratic government manned by teachers and social workers is not likely to behave in exactly the same way as a Social Credit government manned by retail merchants and car dealers, or as a liberal-conservative government manned by lawyers and businessmen. In Miliband's own words:

> The political danger of structural superdeterminism would seem to me to be obvious. For if the state elite is as totally imprisoned in objective structure as is suggested, it follows that there is really no difference between a state ruled, say by bourgeois constitutionalists, whether conservative or social democrat, and one ruled by, say, fascists? (Miliband, in Blackburn, ed, 1972:259).

A less adequate defence by Miliband is his formulation of what might be called "loopholism":

> Poulantzas himself is here rather one-sided and... he goes much too far in dismissing the nature of the state elite as of altogether no account. For what his exclusive stress on 'objective relations' suggests is that what the state does in every particular and at all times wholly determined by these 'objective relations' (1972:259).

This defence seems questionable since it seems to allow the dangerous concepts of voluntarism, free will, and the theory of great man exceptionalism into the Marxian paradigm of the objective relations caused by particular relationships of the political economy. Of course, to say this does not mean to deny that "individuals don't matter". They do matter, but they should never be analyzed apart from the particular features of specific situations.

On the other hand, it would seem that Poulantzas carries his argument too far. Empirical work surely does seem worthwhile. Marxian scholars, like other scholars, must attempt concrete empirical work. One can concede Poulantzas' point that the liberal-democratic state can work very well without the active participation of businessmen in the power elite. Nevertheless, given the close correlation between the liberal-democratic state and the capitalist economy, it may be argued that there must be some form of close institutional and personal linkages between the two systems. These links need not be in the form of recruitment of businessmen into the government elite. But such participation is one form that these required linkages might take. Similarly, politicians without previous business experience are welcomed onto the boards of corporations. That the active participation of businessmen in the government elite and of the government elite on corporation boards, might be only one of several ways to establish the objectively required institutional and personal interconnections — does not seem a valid objection to empirical research. Only if one falls into the vulgar error of assuming that such interpenetration is the only way that such linkages could be structured, only then would a critique seem necessary or desirable.

Secondly, given the desirability of objective research, Poulantzas' model does seem, as Miliband puts it, to lack "a truly realistic consideration of the dialectical relationship between the state and 'the system'" (Miliband, 1972:259). The capitalist system is flexible enough so that different types of government elites and somewhat different programmes and ideologies may be incorporated.

Paul Stevenson, in "Monopoly Capital and Inequalities in Swedish Society" points out that after 40 years of social democratic government, "over 90 percent of the economy is owned privately by capitalists" (1974: 42).

Nevertheless, it would be grossly oversimple to argue that Swedish capitalist society is no different than say, Spanish capitalist society. Some of these differences may be explained by a survey of the composition of government elites. As Guttsman indicates:

> I think that the few hundred or few thousand who in the past exercised considerable power or who do so today merit study in their own right. A knowledge of their character and of the formative influences of their lives helps us to understand their policies (Guttsman, 1963:16).

Miliband repeats this point when he asserts, "The reason for attaching considerable importance to the social composition of the state elite in advanced capitalist countries lies in the strong presumption which this creates as to its general outlook, ideological dispositions and political bias" (1973:63).

WHAT THE STATE REPRESENTS

In this dissertation, then, a paradigm will be used which sees the state as something other than a neutral arbiter. English sociologist Frank Parkin's definition may be kept in mind as containing some important features of the state:

> Sociologically, the state could be defined as an institutional complex which is the political embodiment of the values and interests of the dominant class. That is to say, the ability of the dominant class to maintain a privileged position for themselves and their progeny rests largely on the fact that representatives of this class have greater access

> to or control over the various agencies which govern the allocation of rewards than have members or representatives of the subordinate class (Parkin, 1972:27).

On the other hand, over-simplified conceptions of the state which serve to reinforce a conspiracy theory of the state and society must be rejected. J.V. Stalin, in a well-known tract, expressed one formulation of this nature:

> Under capitalism the exploited masses do not, nor can they ever, really participate in governing the country, if for no other reason than that, even under the most democratic regime, under conditions of capitalism, governments are not set up by the people but by the Rothschilds, the Stinneses, the Rockefellers and Morgans (1924-1970:47).

The trouble with this formulation is that it is too personalized, although Stalin may have found such a procedure useful as a pedagogic tool. The state is closely related to the market economy, true, but it is autonomous in the sense that no one businessman or cabal of businessmen "runs the state". Not infrequently many businessmen find themselves at odds with certain features of the state apparatus or certain sectors of the bureaucracy.

Gramsci agrees with Stalin that "the historical unity of the ruling classes is realised in the State, and their history [is] essentially the history of States and groups of states" (Gramsci, 1973:52). Yet he is able to give a much more sophisticated account of the relation of the ruling classes to the state, so that overly demonic stereotypes of the relationship of economy and polity are avoided:

> It is true that the state is seen as the organ of one particular group, destined to create favourable conditions for the latter's maximum expansion. But the development and expansion of the particular group are conceived of, and presented as being the motor force of a universal expansion, of a development of all the 'national energies'. In other words,

> the dominant group is coordinated concretely with the general interests of the subordinate groups, and the life of the state is conceived of as a continuous process of formation and superceding of unstable equilibria (on the juridical plane), between the interests of the fundamental group and those of the subordinate groups — equilibria in which the interests of the dominant group prevail, but only up to a certain point, ie. stopping short of narrowly corporate economic interest (Gramsci, 1973:182).

The above formulation would seem to be one that is refined and subtle, but nevertheless thoroughly Marxist. The more vulgar formulations with which some Marxists weigh themselves down, are avoided by Gramsci. Thus the present author supports Gramsci's approach and the work in hand will reflect his view on the matter of the state.

THE STATE AND ITS FUNCTION

So far in this chapter we have considered and criticized the pluralist school. We have shown that they hold an interpretation which stresses the dissociation of institutions in modern societies.

In contrast this thesis supports a dialectical Marxian interpretation. At this point it seems justified to elaborate a Marxist analysis which presents a constructive alternative analysis to that of the pluralist school. The discussion of the career patterns of the government elite has little significance if this is not done. It is true that members of the government elite may play out their roles in different ways. This is true, and is a fact that has its own importance. At the same time, members of the government elite acquire status positions in institutions which have specific ends to serve. Deviance from the central aims of the state structure is not possible. Differences in the way the role is played may be observable, but participation in the state structure sets a definite boundary on the variance possible. As Gonick points out on arguments "between parties and leaders" about the necessary degree of state intervention in the economy and society, "Modern liberalism, social democracy, and conservatism are variants on the same theme" (Gonick, 1975: 50).

As we saw earlier in citing the classic Marxist text on the state, the state exists as "a committee for managing the common affairs of the whole bourgeoisie" (Marx-Engels, 1848-1971:34). The bourgeoisie exists because of its control over property and capital. It follows then that the state has a special interest in the problems of property and capital.

Following from such an analysis, Bukharin and Preobrazhensky point out that the state "this organization of the bourgeoisie" has two aims. The first and "most important of these is to suppress disorders and insurrections on the part of the workers" (1920-1969:82). This is done so as to ensure "the undisturbed extraction of surplus value from the working class". The second aim mentioned by the two authors is "to strive against other organizations of the same kind (that is to say, against other bourgeois States), to compete with them for a larger share in surplus value" (Bukharin and Preobrazhensky, 1920-1969:82).

In assessing the first claim relative to Canada, we must agree. In one detailed study of the use of the Canadian militia to the civil power, it was found that in the period 1967-1914, the militia was called to restore order on 48 separate occasions. In 33 of these cases, the interventions were in strike situations (Morton, 1974:417). As Desmond Morton concludes after an extended discussion, "Normally muffled in the national rhetoric, the reality of class conflict in Canadian society emerges from the aid to the civil power" (1974:430).

Another detailed study of an arm of the state, on the RCMP, documents the use of that force against workers, farmers, and students. The book also includes chapters on the use of the RCMP in controlling or fighting radical movements, in policing the depression, and in opposing Communism. On the subject of the Depression Lorne and Caroline Brown point out, "In 1932 Prime Minister Bennett cited the alleged 'threat to the social order' as a reason for increasing the strength of the RCMP" (1973:58).

On the second function of the state discussed by Bukharin and Preobrazhensky, we must caution the reader. Modern bourgeoisies may be separated into two types: autonomous bourgeoisies and comprador bourgeoisies. Because of the development of capitalism and its increased centralization and monopolization, the number of autonomous bourgeoisies has declined since the nineteenth century. The number of comprador bourgeoisies has increased. It is part of the relationship of dependence that the behaviour of the comprador bourgeoisies is severely bounded by the autonomous bourgeoisies. It is especially the task of the autonomous bourgeoisies to engage in the second aim of the state, as discussed by Bukharin and Preobrazhensky.

Canada has never had a completely autonomous bourgeoisie (a point discussed at length in Chapter III). Thus the role of the native comprador Canadian bourgeoisie has been to assist the external autonomous bourgeoisies to which we have been allied, to contest with other autonomous state bourgeoisies for world hegemony. Thus in World War I, the Canadian state entered on the side of Britain. In World War II, we joined the camp of a rising United States and a declining Britain.

Since then, Canadian foreign policy has generally been carried out with an alliance to the American state in mind. (For information on these points see Warnock:1970, Grant:1970, or Creighton:1972).

Finally, in this discussion of the functions of the state, we must add a final point. The state is also an instrument for the bourgeoisie to adjudicate points of dissension amongst itself. Gonick refers to this function when he says:

> there are occasional cleavages within 'the ruling class' whereby the interests of one segment conflict with the interests of others. To accomplish the task of managing the affairs of the nation in the best interest of the business class as a whole, the state must have a certain degree of independence from its various components so that it can adjudicate among their different needs (Gonick, 1975:52).

Points of conflict among members of the Canadian bourgeoisie have included cleavage regarding orientation to the British or American metropole, between Canadian businessmen wanting to establish an autonomous bourgeoisie rather than accepting a role as a comprador bourgeoisie, between those with liberal, conservative or social democratic views toward the state's intervention in the economy and polity.

To conclude, however, the state is not a neutral arbiter judging amongst the claims of competing interest groups. First and foremost the state protects productive property and capital. As Gonick says, private property as capital is not simply a thing:

> It is first and foremost a social relationship between people — between those who own the means of production and therefore dispose of the labour of others and those who own only their labour. Consequently it is also a power relationship. It is the right to reap private benefit from the control over the means of production and, control over the labour power that operates it, and to utilize the marketplace for their personal enrichment (Gonick, 1975:54).

CONCLUSION

In this chapter we have looked at the pluralist conception of the political system. We saw how pluralists have avoided the concept of the state. They reject the concept because of their "democratic" views that the state is no longer a coercive power but is in the hands of the sovereign people.

Pluralists have often advanced various "balance" theories, that the government is a neutral arbiter which acts as judge between the competing forces that make up a plural democratic society. In this view, the state is not the possession of any particular group, but acts in the national interests of adjudication and reconciliation.

We also looked at Marxist conceptions of the state, and saw that Marxist theorists see the state as an organization which represents and acts in the interests of the superordinate classes. In capitalist society the business sector normally constitutes a crucial part of the subordinate classes.

In the course of the analysis it became clear that there has been an important difference between pluralist thinkers and Marxist theorists over the degree of importance that businessmen play in the state system. The pluralists argue that businessmen rarely enter the government elite, and that if they do, they cease being representatives of business. Marxists and critical scholars argue that empirical analysis in advanced capitalist countries shows that interpenetration between the two sectors is substantial, and constitutes a normal pattern.

The pluralist view of the state and its relations to other institutions is as a "sun" surrounded by numerous "planets" on the outside, each trying to exert its influence on the sun. In our view, the state may be envisioned better as intertwined with business interests and with the ideology of the capitalist system. Outside these intersecting circles, there may indeed be other planets trying to exert their influence over the state-capitalism complex.

However, business interests and capitalist ideology are in a special relationship to the state which can be claimed by no other force or forces. The other "interest groups" must act within the ground rules of the liberal-democratic capitalist market complex. Thus, in terms of the government elite, there is likely to be an interpenetration process of recruitment patterns between the political and economic systems. Under liberal-conservative Canadian governments (of the sort that have always formed the federal cabinet), this interpenetration may be carried out directly, since there is no barrier of inhibiting factors.

In Canada where the salience of ethnic and regional differences has tended, on the federal level, to mute class politics (whether within or without the liberal-democratic state), the interpenetration of recruitment patterns has proceeded with considerable vigor.

It will be the aim of the later empirical chapters to show the nature and extent of these interpenetration patterns between the two sectors of the federal government and the business world. It is expected that the findings will support the critical and Marxist theories and will tend to weaken the pluralist model and its view of the state.

Before these empirical chapters, however, the nature of the Canadian political-economic system must be analyzed so that our later discussion of Canadian politicians will not be carried on "in a vacuum". To this end Chapters II and III discuss several views of political economy in advanced capitalist countries, and in the specific case of Canada. Social and political systems can only be understood within the context of an accurate understanding of political economy. This is the view of historical materialism, a view shared by the present writer.[1]

NOTES

1 A classic statement of Marx on historical materialism is the following:

> The first work which I undertook in order to overcome the doubts which assailed me, was a critical revision of the Hegelian philosophy of law; the introduction to this work appeared in 1844 in the Deutsch-Franzosische Jahrbucher, published in Paris. My investigation led to the conclusion that juridical relations as well as state forms can neither be understood out of themselves nor out of the so-called general development of the human mind, but rather that they have their roots in the material conditions of life, the totality of which Hegel, following the example of the Englishmen and Frenchmen of the eighteenth century, summarises under the name of 'civil society', and that the anatomy of civil society is to be sought in political economy (Marx, 1859-1973:4-5).

Following upon Marx, the present author considers it essential to place the empirical discussion of the interpenetration habits of the Canadian government elite, within the context of an understanding of political economy.

CHAPTER II: TWO THEORIES OF POLITICAL ECONOMY, A CRITIQUE

The central purpose of this thesis is to show that the government elite in Canada is integrated with, and is part of, the ruling class, and that the basis of the ruling class rests on the capitalist system of political economy. In addition it is postulated that the central function of the state is to maintain and transform the capitalist system in viable form. This is not to say that the state represents in a centrally direct way specific capitalists. Of course the state can serve this immediate purpose and often does. Lobbying for specific interest groups within capitalism, and the claims of different competing groups of capitalists must be adjudicated by the state. To give an instance, the support given to huge international corporations can only serve to hurt the survival of petty capitalists in the same industry (for example Kraftco versus small rural cheese companies).[1]

However it must be emphasized again that the central concern of the state is to ensure the survival of capitalism at an overall level. Thus it comes about that the state must frequently oppose the short term interests of specific capitalists for the long term interests of capitalism as a whole. Into the 1930s, most businessmen opposed the extension of welfare to the general populous, basing their opposition in terms of classical economics. When the long depression of 1929-1939 threatened to destroy capitalism, however, the states in most advanced industrial-capitalist societies quickly adopted Keynesianism and a much more positive attitude to the intervention of the state into the market. As a left-liberal cabinet minister under Mackenzie King, Chubby Power, put it, "Power has been used to help people. And it has been done not only without threatening the freedom of enterprise, but in a way that preserves and extends it" (Power, 1966:402). One need only replace "enterprise" by "capitalism".

The analysis of this thesis is based on the assumptions of one view of political economy. There are several other views of the political economy of advanced capitalism. It is the aim of this chapter to discuss the varying theories of the political economy of advanced capitalism, as well as to point out the weaknesses of the various approaches. After having discussed two prominent approaches, it will be explained in the proceeding chapter why one broad approach, the dialectical Marxist approach, is assumed to be of greatest relevance and validity.

The three broad approaches may be called the neo-classical school, the managerial school, and the Marxian school. The broadness of each of these three approaches must be emphasized. Each of the three schools may be said to constitute a model. None of the three schools is itself a thesis or hypothesis. Within each of these operating models, there are sub-schools, differences of opinion on specific matters. Nevertheless each of the three models share "domain assumptions" to use the language of Alvin Gouldner (1971:31), or "polemical orientations" to use the language of A.K. Davis' doctoral dissertation (Davis, 1941:364).

A. THE NEOCLASSICAL PARADIGM

First we may discuss the classical and neoclassical models. This is a logical order in which to begin since modern political economy may be said to have started with the classical political economists such as Adam Smith and his famous study, The Wealth of Nations (1776).

The classical and neoclassical models have found so much favour with orthodox academic economists that they have altered the main tenets with reluctance. Since the Depression and the economics of J.M. Keynes, however, more and more modifications have had to be made. Yet despite the vast economic changes since 1776, the neoclassical model is very much alive and popular among current economists. If J.K. Galbraith and the political economists of the University League for Social Reform (Lloyd, McLeod eds., 1968) still see themselves as an oppositional group within the profession of economics "to the left rather than to the right" (on the backpage blurb) it is because of the tenacity of classical and neoclassical political economy among university academics.

The assumption of all classical economists is that of the free, private, competitive market. The closer that the economy resembles a mass of small competing firms, the more accurately does the classical political economy retain some validity. According to the classical school, the private consumer is king. Commodities are produced for sale, and to be sold, must satisfy the needs and demands of the purchaser. Because classical political economy assumes the fragmentation of the market into dozens of small producers competition will be at such a pitch that the whims of the consumer will always be satisfied.

The justification of the classical model is that the market system is finely attuned to the demands of the consumer. In classical political economy, the consumer is supposed to be sovereign — as the phrase has it, the market is regulated by "the sovereign consumer". As Galbraith writes "the moral sanction of the system depends profoundly on the source of the instruction. This comes from the individual. Thus the economic system places the individual — the consumer — in ultimate command of itself" (1973:143).

As Galbraith points out in the same paragraph, this view of the sovereign consumer determining the market is allied to the liberal view of "the citizen, as a voter, in ultimate authority over the production of public goods" (p. 143). There can be no contradiction either between the economic system and the consumer, nor between the political system and the citizen. "The individual being in charge, he cannot be in conflict with the economic or political system. He cannot be in conflict with what he commands" (p. 15).

Like many other theories on the social system, classical political economy may be considered as an ideal type. But as with many other theories constructed from selected areas of historical reality, the theory fits certain periods better than others. In the early stages of industrial capitalism, there was a certain justification for the image of society as a mass of small competing firms and as a mass of small-scale entrepreneurs and artisans. It is true that nowhere did the classical ideal type ever apply even remotely to reality. If C.W. Mills presents the period up to the 1840s as a period of the liberal ideal type in the United States,[2] we must also remember Charles Beard's famous study to the effect that the American constitution was drawn up by a small group of wealthy men with their own aims in mind. More generally, too many of the populous were neither citizens (in the sense of holding the franchise) nor consumers on a large enough scale to influence production.

The classical model always appealed to and was most strongly identified with the rising middle class bourgeoisie. The image of society might presume a degree of equality, but as ever some were always more equal than others. As Galbraith points out, "The control of the economic system by the individual — by the consumer or citizen — does not mean that power is distributed equally — It is only that, in the exercise of that power, some individuals are more equal than others" (1973:15). In other words, just as Athenian Greek "democracy" applied only to the privileged few who were not slaves, foreigners, or women, so did classical political economy only apply to the minority of the populous who had a large surplus to expend on the market.

Another criticism which can be made of classical political economy is the emphasis on the rationality of the sovereign consumer. Perhaps this criticism should not be directed so much against the founders of the classical paradigm, when selling techniques and the development of advertisement were only beginning. However this is a critique of all defenders of classical or neoclassical thinkers ever since the turn of the century. The model does not go beyond the level of asking why the consumer is king. Insofar as the classical paradigm has a theory of consumer choice, it tends to be excessively voluntaristic. Rather, as Veblen points out, the postulate that manufacturers compete against each other for their share of the market atrophies with the increase in importance of salesmanship:

> The competition which then used to run mutually between the producing-sellers has since then increasingly come to run between the business community on the one side and the consumers on the other. Salesmanship, with sabotage, has grown gradually greater and keener, at an increasing cost. And the end of this salesmanship is to get a margin of something for nothing at the cost of the consumer in a closed market. Whereas on the earlier plan the net gain was sought by underselling an increased output of serviceable goods in an open market. The old-fashioned plan, so far as it was effective, might be called a competition in workmanship; the later plan, so far as it has gone into effect, is a competition in publicity and scarcity (Veblen, 1923-1967:99).

In another passage from the same book, Veblen held that "the shop-cost of many articles produced for the market [would be] chargeable to the production of saleable appearances, ordinarily meretricious" so blurred would "the distinction between workmanship and salesmanship" become (Veblen, 1923-1967:300).

Today the predatory nature of salesmanship has become more and more evident with sexual fantasies utilized to sell everything from automobiles to cleaning detergent. Professor Wilson Bryan Key of the University of Western Ontario journalism department has pointed out the widespread use and deviousness of subliminal advertising. This is a technique of advertising where sexual words or symbols are included in an advertisement in such a way as to be invisible to the observer on a conscious level. Nevertheless the unconscious mind is subconsciously led to associate the object advertised with sexuality even without the more visible stimulus of undraped females.

Thus one can conclude the following: insofar as the consumer ever was "king", this was only true for a small minority of the populous with enough purchasing power to be significant, ie the upper and middle classes of the aristocracy and bourgeoisie. As capitalism has increasingly emphasized salesmanship over production, the consumer has more and more been manipulated by the producers and their advertising. To a large extent, the market is not adjusted to the consumer, rather the consumer is adjusted to the market.

This last point is related to the whole idea of competition. In the classical model competition can only be seen as positive. Competition is what keeps the producers adapting to the desires of the sovereign consumer. But, we may ask, what is the real attitude of actual businessmen to competition? Here we find a contradiction between the principles of a theory of political economy fundamentally designed to defend capitalism, and the actual attitudes and behaviour of businessmen themselves. Though capitalists at various public addresses and luncheons may glorify the competition assumed under capitalism, the natural instinct of the businessman is to avoid competition either through buying out competitive firms or by entering into collusion with other firms of the industrial oligopoly in the form of cartels or written and unwritten agreements. Sometimes a firm will take over a firm in the same market with the sole intention of closing it down so as to reduce competition for the dominant firm.[3]

Victor Lebow, a former businessman and more recently a don at Columbia helping to teach the university seminar on the Economics of Distribution, has written about the true attitude of businessmen towards competition:

> Business must abominate competition. While businessmen may give lip service to the old saw that 'competition is the life of trade,' they fear it, shun it, and try to achieve as nearly a monopolistic position as possible, by one device or another...In our time, business employs 'non-price' competition, preclusive agreements, patent rights, overwhelming advertising appropriations behind the trade marks of rich corporations, exclusive arrangements, 'gentlemen agreements' — in short, a hundred and one tricks to avoid and bypass the risks and vigors of competition (Lebow, 1972:109-110).

This brings us to a further point: the increasing extent of oligopoly and monopoly, the effects of which tend to weaken whatever validity the free market model possessed. It is not necessary to detail this historical development extensively, the general trend is too well-known. Perhaps one concrete example and one more general example will suffice.

In the 1950s, Senator Estes Kefauver, a nostalgic liberal from the American south, carried out an investigation into the extent of monopoly in the United States. His viewpoint essentially was one of sorrow for the disappearance of the small producer classical market situation. But as opposed to many neoclassical economists he at least was realistic enough to recognize that the classical situation had been bypassed. In a report of his investigations compiled after his death, In A Few Hands, Kefauver presented several key market situations as proof of the increasing degree of monopolization. As recently as 1921 there were 88 automobile companies, but since then,

> Of this country's major industries automobile manufacture represents the apex in economic concentration. In recent years the four largest companies producing passenger cars have accounted for about 99 percent of the output. Even this figure does not reveal the full extent of the concentration that exists. In 1963, one company produced over one half of the cars manufactured in the United States. General Motors share in 1963 was about 53 per cent as contrasted with 26 per cent for Ford, 14 per cent for Chrysler, and 6 per cent for American Motors (Kefauver, 1965:83).

At a more generalized level, we can quote Galbraith who points out that in 1968 "the five hundred largest industrial corporations had two-thirds (64 per cent) of all industrial sales in the United States" (1971:22).

In its earlier years, classical political economy had retained some semblance of reality. But as years passed, neoclassical economists refused to take changes in the situation into account. One strategy was that of avoidance. As Galbraith explains, "Since late in the previous century the giant corporation had become an increasingly obtrusive feature of the business landscape. Its importance was assumed everywhere except in the economics textbooks" (1973:16). Finally the challenge to the paradigm could no longer be ignored, the anamalies were too great. But by and large this was not realized until the events of the Depression virtually forced recognition of the unsolved discrepancies. Thus, to use Galbraith's terminology, "the decisive books" by neoclassical economists on concentration were Joan Robinson's The Economics of Imperfect Competition (1933) and

Edward H. Chamberlin's The Theory of Monopolistic Competition (1933).

But even at this late date, the reformulation of the neoclassical paradigm was "less altered by this amendment than was then or is now imagined" (Galbraith, 1973:17). The structure and motives of the business firm were not thought to have changed. And most fundamentally, "All firms — a vital point — remain at the command of the consumer" (Galbraith, 1973:17).

As was pointed out, Galbraith and his followers have fostered a self-image of themselves as deviants from academic economics because they were willing to reject the main tenet of neoclassical orthodoxy — the principle of the free competitive market. The economists of the Marxian tradition had much earlier realized the need to create a new paradigm for political economy. In his most important economic work, N. Bukharin in Imperialism and World Economy (1915) had emphasized both the extent of monopoly and also the logic of its development out of the earlier forms of capitalism:

> The process of the formation of capitalist monopolies is, logically and historically, a continuation of the process of concentration and centralisation of capital. Just as the free competition of artisans, arising over the bones of feudal monopoly, led to the accumulation of the means of production in the hands of the class of capitalists as their monopoly possession, so free competition inside of the class of capitalists is being more and more limited by restrictions and by the formation of giant economies monopolising the entire 'national' market....The United States represents a classic example of modern economic development, and it is here that the most centralised form of monopoly organisations, the 'trusts' have become deeply rooted (Bukharin, 1915-1972: 65).

Among exponents of the Marxian model, there were differences on dating the supercession of the free market neoclassical model of open competition. V.I. Lenin in his famous tract, Imperialism, The Highest Stage of Capitalism, presents the following chronology:

> Thus, the principal stages in the history of monopolies are the following: 1 1860-1870, the highest stage, the apex of development of free competition; monopoly is in the barely discernible, embryonic stage 2 After the crisis of 1873, a lengthy period of development of cartels; but they are still the exception. They are not yet durable. They are still a transitory phenomenon 3 the boom at the end of the nineteenth century and the crisis of 1900-03. Cartels become one of the foundations of the whole of economic life. Capitalism has been transformed into imperialism (Lenin, 1917-1970:20).

Veblen would seek to date the end of free market competition even earlier, to the mid-Victorian period for Britain. Perhaps Veblen exaggerated slightly out of his animus against the neoclassical economists of his day. He felt that whereas the earlier classical model had been valid to a degree, the latterday neoclassical economists could only be construed as the ideologists for a system that had fundamentally altered from one based on workmanship and fragmentation to one based on salesmanship and monopoly. Some of this animus is reflected in the following passage which also includes Veblen's dating chronology:

> That period which has here been called the 'era of free competition' was marked by a reasonable free competitive production of goods for the market, the profits of the business to be derived from competitive underselling. It is for such a 'competitive system' that the economists have consistently spoken, through the nineteenth century and after, and the rehabilitation of it is still the abiding concern of many thoughtful persons. In practical effect it tapered off to an uncertain close in England about the middle of the century, in America something like a quarter-century later. So that is a past phase. It means a competition between producing-sellers, and so far as the plan was operative in inured to the benefit of the consumers (Veblen, 1923-1967:98-99).

Next we must consider the ideas of classical and neoclassical political economy regarding the proper role of the state. By and large these ideas were of distrust and opposition to the state intervention into the market. Much of this attitude was caused by bourgeois hostility to the remnants of the feudal-aristocratic order. Classical economics also contained a theory of productive and nonproductive labour, the difference being that for the classical economists the bourgeois joined their employees as productive labourers. The feeling of hostility by the bourgeois to the unproductive feudal class was the cement of the late 18th and 19th century alliances between the bourgeoisie and proletariat. This opposition to the unproductive, parasitic and predatory behaviour of governments still controlled by the feudal ruling class is voiced by Adam Smith:

> England, however, has never been blessed with a very parsimonious government, so parsimony has at no time been the characteristical virtue of its inhabitants. It is the highest impertinence and presumption, therefore, in kings and ministers, to pretend to watch over the economy of private people, and to restrain their expense, either by sumptuary laws, or by prohibiting the importation of foreign luxuries. They are themselves always and without any exception, the greatest spendthrifts in the society. Let them look well after their own expense, and they may safely trust private people with theirs. If their own extravagance does not ruin the state, that of their subjects never will (Smith, 1776:1970:446).

On a more general level, Adam Smith and the classical political economists supplied businessmen with an argument against state intervention into the market by the doctrine of the invisible hand. This doctrine was based on the very arguable belief that man was essentially an acquisitive hedonistic animal who sought to maximize his gains in terms of dollars. Classical theory went on to the next assumption that somehow a society was best organized when these natural instincts were uncontrolled by the state, ie that there is no contradiction between private greed and public good. This view was possible since the classical liberals by and large saw society and the state simply as an aggregate of individuals and therefore that what was good for one isolated individual must be good for all.

As E.K. Hunt writes:

> What a far cry from the 'solitary, poor, nasty and brutish' world Hobbes thought would result from man's competitiveness. The wonderful social institution that could make all this possible was the free and unrestrained market, the forces of supply and demand (Hunt, 1972:47).

Whatever the purity of the classical economists on the bad results of government intervention into the economy, the attitude of actual businessmen was inconsistent. They were only opposed to government intervention into the economy when they considered this to be a threat to their own interests. As Marx pointed out, the state had intervened on behalf of the owners of the means of production at least since 1349:

> Legislation on wage-labour (from the first, aimed at the exploitation of the labourer and, as it advanced, always equally hostile to him) is started in England by the Statute of Labourers, of Edward III, 1349. The ordinance of 1350 in France, issued in the name of King John, corresponds with it....Coalition of the labourers is treated as a heinous crime from the 14th century to 1825, the year of the repeal of the laws against Trades Unions. The spirit of the Statute of Labourers of 1349 and of its offshoots, comes out clearly in the fact, that indeed a maximum of wages is dictated by the State, but on no account a minimum (Marx, 1967: 689-690).

Insofar as businessmen did oppose state intervention into the economy, much of this opposition was justified by classical political economy, especially that referred to as Say's Law of Markets. In Galbraith's words, "This holds that an economy always provides demand sufficient to buy its own output" (1971:220). This was simply another emphasis in classical economics of explicating the domain assumption that the market was self-correcting, and that as a consequence the state almost never was needed to stimulate consumption, to redistribute income, or to encourage directly production (of course indirectly the state has always encouraged production through such means as building communications facilities, financing industrial education and other means). Rather wittily, Galbraith assessed Say's Law in this manner: "By the nineteen-thirties the notion that production created its own demand had been economic scripture for more than a century....Whether or not a person accepted Say's Law was, until the thirties, the prime test by which economists were distinguished from crackpots" (1973:22).

In the 1920s and 1930s, John Maynard Keynes had been arguing that the market was not a completely self-adjusting system, that the market itself might generate defects, and that the government could fruitfully intervene into the economy to ensure that production and consumption coincided. In 1936 he published his classic work, The General Theory of Employment, Interest and Money which, in the context of the economic problems of the Depression, stimulated great debate and initial opposition from the great majority of political economists trained in neoclassical traditions.

Briefly Keynes argued that the money flow from businesses to the public did not automatically flow back to business. The capital flow had leakages, and these leakages were a weakness in the system. The implications of these leakages were greater intervention of the state into the economy. By the end of the World War II most advanced capitalist countries had accepted some form of Keynesian doctrine and a greater use of governmental fiscal and social security programs. Galbraith points this out: "Equally it is a commonplace that the relation of the state to the economy has changed. The services of federal state and local governments now account for approximately one-quarter (in 1969, 23 percent) of all economic activity. In 1929 it was about 8 percent" (1971:22).

It must not be thought that neoclassical economics allowed itself to be superceded by the economic doctrines of Keynes. Instead to greater or smaller degree, these new doctrines were accepted, incorporated, squeezed into the old framework. New wine was again forced into old bottles. The degree to which economists accepted Keynes' doctrines, and the import they gave to them has varied even in the same individual. For example Paul A. Samuelson tended to increase the amount of neoclassical economics in his textbooks since his first works in 1947 and 1948, The Foundations of Economic Analysis, and the textbook Economics. Nevertheless accomodations have been made, and in 1955, Samuelson presented his synthesis of the two systems of thought: "The Keynesian theory would provide the knowledge necessary to maintain a full-employment economy, and the market system could operate within this Keynesian framework to allocate resources according to the time-honoured principles of the neoclassical ideology" (Hunt, 1972:138).

Fundamentally then, orthodox academic economics attempting to retain the essential doctrines of neoclassic economics and at the same time incorporate the implications of Keynesian doctrine, tend to debate about the extent of government intervention. In other words the debate has become not so much the doctrines themselves, but the exact degree to which they should be utilised in any given situation. There is an uneasy truce but at least the participants are united on the points that capitalism as such is acceptable and that neoclassical economics is, with all the modifications since the 1930s, still an adequate paradigm:

> The flaws (under capitalism) were thus seen as minor and ephemeral. An enlightened government could correct them and free the invisible hand once again to create the best of all possible worlds. There did develop, however, an "ability to agree on the extent and significance of

> the flaws. Those who believe them to be fairly widespread and quite significant have, during the course of the twentieth century, become known as liberals. They have sometimes advocated fairly extensive government intervention in the economic system, but most have continued to use neoclassical economic theory as an ideology to defend private-ownership, capitalist market economic system.
>
> Economists who see the flaws as minor and unimportant continue to advocate a minimum of government intervention in the market economy....they have become known in the twentieth century as conservatives. Both liberals and conservatives, as we have described them here, have used neoclassical economic theory to justify the capitalist system (Hunt, 1972:99).

These cleavages and contradictions also divide capitalists as well as economists. It must not be thought that a Marxian approach to political economy is a conspiracy theory as some vulgar opponents have branded it to be. Within the capitalist class and within the government, there are a number of contradictions of which the liberal-conservative cleavage is an important one. The Richardson family is one of the wealthiest capitalist families in Canada, owns a major part of the Canadian grain trade, and controls a fortune estimated at $700 million dollars. Yet James Richardson and George Richardson, the two present ruling members of the family, are divided on this question.

James Richardson is now the Minister of Defence in the Trudeau cabinet. In a magazine article Marci McDonald wrote, "They say it has been a comfort to Bay Street to have J.R., as his aides call him, at the big board [ie the Federal cabinet] — although it has not always appeared to be a comfort to his brother George. George, now reigning Richardson president and a reported Conservative, made a speech during the last election criticizing government meddling in business, which wasn't exactly seen as a big boost to his brother's campaign. Still, James Richardson says, 'On the important matters, he and I are very close'" (Macleans, March 1975:48).

Despite all the modifications and attacks on neoclassical economics, conservative defenders of the model are still numerous in the economics profession. Harry G. Johnson, a well-known economist at the prestigious universities of Chicago and L.S.E. could as recently as 1973 deny the possibility of capitalist produced pollution by baldly stating: "Coase's more fundamental contribution was to show that if property rights are clearly defined and transactions in such rights have negligible costs, the private competitive market will bring the problems of pollution and environment destruction under appropriate social control" (Johnson, 1973: 14).

The pamphlet in which this statement was made, had been produced under the jurisdiction of the British-North American Committee, an organization mainly composed of major capitalists and industrial managers who had as their aim "clearer understanding of the economic opportunities and problems facing the three countries, to explore areas of cooperation and of possible friction, and to discover constructive responses" (Johnson, 1973:14). The three countries are Canada, the United States, and the United Kingdom.

The only dissident to Johnson's assertion that the market economy would solve pollution through the mechanism of the invisible hand, was an English member, Rt. Hon, Sir Robin Turton, M.P. He wrote in a minority report of one: "I do not believe in his assumption that market forces will inevitably divert civilization from ecological crises. If this were true, previous civilizations would not have disappeared, and the Libyan Desert would still be fields of waving corn" (Johnson, 1973:v).

Perhaps with that statement we can leave neoclassical political economy in all its shapes and guises. Despite the importance of the multitude of variations of neoclassical political economy, it remains strongly in doubt. A recent important neoclassical thinker, C.E. Ferguson, in his book The Neoclassical Theory of Production and Distribution (1969) admits "...placing reliance upon neoclassical economic theory is a matter of faith. I personally have the faith; but at present the best I can do to convince others is to invoke the weight of Samuelson's authority...." (Ferguson, 1969:xvii-xviii, quoted by Hunt, 1972:147).

My own conclusion would be to grant classical economics a certain validity in the earlier stages of capitalism, though even then it must have been an extremely abstracted ideal type with almost too many exceptions and weaknesses in the real concrete world. Since then classical political economy has strayed further and further from empirical reality. It is continually patched up because it is one congenial defence of capitalism, and unless political economists admit the weaknesses of capitalism to be so great as to point to a supercession of capitalism (as in rather different ways did Marx and Veblen), then economics must ultimately end up as an apologia of capitalism. The Neoclassical thinkers take the line that although things have changed, they haven't changed that much. The managerial revolutionists defend capitalism by asserting that thechanges caused by capitalism since the beginning of the century have been so great, that capitalism itself has been superceded, and this without any violent reaction by the capitalists themselves. To this school of thought we must now turn.

B. THE MANAGERIAL REVOLUTIONISTS

The Chilean workers class no doubt understood that they were fighting for their liberation by overthrowing capitalism, much of this foreign-owned capitalism which had a stranglehold on their resources. However the managerial revolutionists would claim that inasmuch as the Chileans were fighting the large foreign corporations they were by no means fighting capitalism, since according to these thinkers, capitalists are a dying breed like the almost extinct loon, relegated to increasingly fewer and smaller companies.

Perhaps we can best understand the managerial revolutionists by a dialectical approach. The thesis in the economics profession has been neoclassical political economy. This thesis, in terms of its logic, opposed the monopolization of the economy since the market was posited to be most responsive when any product was manufactured by a flock of competing companies. The antithesis for the economics profession, therefore, was to defend the large corporation in a straight forward manner. And whereas neoclassical thinkers had unblushingly called their system to be a capitalist system run by real capitalists, the antithesis was to deny that the new corporation-run economy was capitalist. Instead it was maintained that a supercession of capitalism had occurred. Thus a self-professed "socialist" and prominent member of the NDP could write, in the context of a discussion on the managerial revolution, "At least it is apparent that theories of possessive individualism and our orthodox capitalist mentality are obsolete. Although the socialism of the 1930s has been outmoded [DN read the idea that socialism means the nationalization of the means of production] the values and the ideals of democratic socialism will be the basis of the new collectivist society" (Jack McLeod, 1968:69).

As discussed by Galbraith in The New Industrial State, the changes "in economic life in this century, and more especially since the beginning of World War II" (1971:21) had been so great that the neoclassical model had to be superceded. If nothing else, Galbraith recognized that the facts of economic life, more generally of political economy, required a new totality into which to fit the facts. He categorized these changes as the increasing invention of the state into the economy, the effects of the "Keynesian revolution" in economics, the supercession of capitalist depressions (as of 1970 supposedly), the increase of salesmanship, larger enrollments of education and the decline of bluecollar workers, a stable percentage of the workforce enrolled in unions, and most importantly, the supposed disappearance of the individualist entrepreneur:

> Seventy years ago the corporation was the instrument of its owners and a projection of their personalities. The names of these principals — Carnegie, Rockefeller, Harriman, Mellon, Guggenheim, Ford — were known across the land. They are still known, but for the art galleries and philanthropic foundations they established and their descendents who are in politics. The men who now head the great corporations are unknown (Galbraith, 1971:22).

Galbraith also points to the fact that the government of the United States accounts for so much of economic activity that it "exceeds the government share in such an avowedly socialist state as India, considerably exceeds that in the anciently social democratic kingdoms of Sweden and Norway, and is not wholly incommensurate with the share in Poland, a Communist country..." (1971:22).

Behind most of Galbraith's points, and those of his followers such as McLeod, is a polemic against classical and neoclassical economics, but also an acceptance of certain features of classical political economy as the defining features of capitalism. Thus since classical political economy identifies capitalism as an entity run by individualistic dominant entrepreneurs participating in a market system largely running independently of government intervention, it follows that Galbraith cannot identify the modern economic and political system of being one of capitalism. Although Galbraith rejects classical and neoclassical modes of political economy, he does allow it the validity of its definitions. Thus Galbraith can look both radical and conservative at the same time. He is "radical" in the sense of opposing neoclassical defences of modern capitalism, but he is conservative in the sense that his system of thought only amounts to a defence of the new corporate capitalism on its own grounds — ie. the notion of the soulful corporation, and the supercession of the old bad Victorian style capitalism. However so dominant have neoclassical notions of the economy remained, that many businessmen and even governments would prefer to defend capitalism under the old ideology of competitive markets, many small firms, and the sovereign consumer.

Thus it is rather amusing to see Galbraith rail against a US Department of Commerce pamphlet, Do You Know Your Economic ABC's? Profits in the American Economy, because the pamphlet portrays American capitalism in terms of two children conducting a lemonade stand under the trees. Galbraith would hold that American capitalism cannot be understood by a classical economic model, one that examines enterprises "with little or no capital, guided by one person, without the complications of corporate structure and where there is no union" (Galbraith, 1971:27). Essentially, the arguments of the managerial revolutionists stem from Berle and Means crucial book, The Modern Corporation and Private Property (1932). This work sought to demonstrate empirically the dominance of the American economy by 200 firms and the large degree of separation of ownership from management in these companies. Aside from their empirical research, Berle and Means sought to draw out the implications of these changes.

They realized that the classical and neoclassical model would have to be fundamentally altered to even abandoned. They noted that the principles of political economy laid down by Adam Smith were still dominant in academic thinking, "current economic literature is, in large measure, cast in such terms" (Berle and Means, 1932-1956:345). They branded attempts to hold on to the old economics as "misleading" and that "these terms have ceased to be accurate" (Berle and Means, 1932-1956:345).

The authors then proceeded to demolish briefly but convincingly most of the fundamental domain assumptions and axioms of the old paradism; notions of private enterprise, individual initiative, wealth, competition, the profit motive, were all questioned. One essential contribution of Berle and Means was to point out what Marxian critics had pointed out long ago, ie. the uselessness of trying to refurbish an economic doctrime incapable of revitalization. For academic economists, the impact of Berle and Means was, to use the language of Thomas Kuhn to point out the anomalies of the paradigm.

But while the work of Berle and Means was crucial, it was also misleading to some degree. They raised questions which were seized upon and extended by later authors of the managerial school.

For example, they asked if self-perpetuating managers might not have other motives than that of profitability:

> Under the corporate system, control over industrial wealth can be and is being exercised with a minimum of ownership interest. Conceivably it can be exer-

> cised without any such interest. Ownership of wealth without any appreciable control and control of wealth without appreciable control appear to be the logical outcome of corporate development (Berle and Means, 1932-1956:69).

Because they assumed managers had little or no direct stake in maximum profitability of a firm, Berle and Means again and again suggested that the old capitalist system was dissolving since maximization of profits might no longer be a characteristic of the economic system. "The explosion of the atom of property destroys the basis of the old assumption that the quest for profits will spur the owner of industrial property to its effective use" (p. 9). Again, "The direction of industry by persons other than those who have ventured their wealth has raised the question of the motive force back of such direction and the effective distribution of the returns from business enterprise" (p. 23).

It is a Hegelian notion that we are intimately affected even by what we most oppose. An antithesis is always shaped in its content by exactly that which it is opposing. The synthesis is a combination of both thesis and antithesis. We see this clearly in the thought process of Berle and Means since they accepted that part of the utilitarian contribution to classical economics that asserted that owners will tend to maximize their profit, and as a corollary, that managers of property who are not owners of the property will not likely share the same desire to maximize profits since they do not share the same direct interest.

Next we must discuss the work of a decade later, the author of which was strongly influenced by participation in and retreat from radical politics, and by the events of the Depression and the early years of World War II. In 1941, James Burnham, a former Trotskyist turned neo-Machiavellian, gained considerable fame with his catchily named book, The Mana-

gerial Revolution. This work heavily emphasized at least one theme that has become popular — the notion that capitalism and capitalists were being overcome by the aftermath of the managerial revolution and the Keynesian revolution.

Burnham was convinced that the American Presidential election of 1940 had been a victory of the "managerial world" represented by Roosevelt and the Democrats over the "united capitalist efforts" of the Republicans and their candidate Wilkie (Burnham, 1941-1962:261). According to Burnham, the capitalists had spent their efforts against the Democrats because "they realize...that the New Deal is in direction and tendency anticapitalist" (1941-1962:261).

Burnham was realistic enough to state that, "The big *bourgeoisie*, the finance-capitalists, are still the ruling class in the United States; the final control is still in their hands" (p. 97). However, with the increasing separation of control between the capitalists and the managers and with an "interventionist" government in the hands of the managers, Burnham was convinced that the supercession of capitalism would soon be achieved:

> the capitalists, the ruling class of modern society, are losing control, the social structure which placed them in the position of the ruling class is being transformed, not tomorrow, but now, as we watch. In the new structure, when its foundations are completed, there will be no capitalists (p. 97).

It is important to refute these ideas popularized by Burnham since it is still held by some American social scientists that the Democrats are not tied to the business world, and that the Democrats are a party of "the left". In the United States, S.M. Lipset, for example, berates Marxian and other critics for not understanding the supposedly crucial difference between the two parties, "The differences between the social bases of the two major parties which have held up for more than a century and a half suggest that those who believe in the Tweedledee-Tweedledum theory of American politics have been taken in by campaign rhetoric and miss the underlying basis of the cleavage" (Lipset, 1963:329).

To return to Burnham, although it is true that some, perhaps even a majority of "capitalists" did oppose Roosevelt, many did not. Ferdinand Lundberg points out:

> Under Franklin Delano Roosevelt, owing chiefly to troubled circumstances, for the first time it appeared that some of the magnates might not be welcome at the White House. The wealthiest, especially the Du Ponts, opposed him bitterly, which meant that he was opposed by the banks and heavy industry. Those numerous wealthy persons who became staunch Rooseveltians were mainly of the second or third tier or wealth and nearly all in merchandising and light industry, immediately dependent upon the stagnating mass-consumption market. They were down-the-line New Dealers but not, as misconceived Republican propaganda had it, socialists, populists or even welfare-staters (Lundberg, 1973:204).

Another confirmation that tends to refute Burnham's contention about the significance of the Democrat-Republican battles of the Depression period, was an article published in 1940 by W.F. Ogburn and Lolagene C. Coombs, "The Economic Factor In The Roosevelt Elections". Although this article found that the poorest third of the populous tended to vote for Roosevelt more than the richest third, the differences were not overwhelming. For example, they found that in the 1936 election, 47 per cent of the upper third income receivers voted for Roosevelt as opposed to 75 per cent for the lowest third income receivers. They concluded as follows:

> The statistics in this article and those of Gallup support the popular opinion that the poor tended to vote for Roosevelt and the well-to-do against him, but they provide a very valuable check in numerical measurement. The acutal measurement seems to indicate that the differentials between the social classes may not be so great as might be inferred from talking with a member of either the extreme upper or the extreme lower income groups (Ogburn, 1964:267).

Thus the contradiction between the Republicans and the Democrats was not one of "the managers" versus the "capitalists" but between different size capitalists and between capitalists engaged in different types of production. To capitalists especially dependent on sales to large numbers of small consumers it made sense to support the New Deal so as to increase the money in the hands of small consumers, who because of unemployment and depressed wages were unable to sustain their consuming power so evident in the more prosperous years of the 1920s.

Much of the weakness in Burnham's analysis stems from his failure to understand the existence and importance of contradictions between different types of capitalists, between small and large capital, between monopolists and "free market competitors", between the industrial, financial, wholesale and retail sectors, and between native, foreign, and comprador capitalism. [See Lundberg, 1973:204; Marx, 1852-1972:passim]. Burnham attributes too great a degree of cohesion among his capitalists; in doing so the effect is to deny Marxian analysis any validity since it is brought to represent a conspiracy theory.

In the years since World War II, the managerial revolutionists have come to be best known by J.K. Galbraith, one of John Kennedy's intellectual recruits from the eastern universities. Galbraith first became known through his 1952 book, American Capitalism. At least until his most recent book, Economics and the Public Purpose (1973), Galbraith was cheerily optimistic that despite the huge concentration of industrial power in advanced countries, nevertheless all would work out for the best in this best of all possible worlds.

In American Capitalism, Galbraith was obviously still influenced by neoclassical economics since his main thesis in effect revitalized Say's Law to the new conditions of big business and big governments:

> This theory...maintains that wherever dangerous power develops on one side of a market, there will grow up on the other side (either spontaneously as in the case of chain stores or mail-order houses, or with government assistance as in the case of agriculture and labor) a countervailing power which holds the original power in check. Thus despite the growth of potentially overweening monopolies (or oligopolies) the new capitalism develops a new self-adjusting mechanism which takes the place of the old competition (Sweezy, 1972:68).

This theory is very dubious because the largest corporations are so large that their control over wealth is greater than that of many nations. It must be obvious therefore that consumer groups, unions, and petty capitalists can wield only an insignificant amount of money and hence organization to combat these huge corporations. As for politicians, they are financed mainly by the larger corporations (see Paltiel, Political Party Financing in Canada, 1970)[4] and the politicians themselves either come from the larger corporations or will find jobs there after their retirement from politics. As Judy LaMarsh was quoted as saying in Macleans Magazine, "Most ministers who leave government go on to half-a-dozen boards and their friends rally around....That certainly didn't happen to me" (Robertson, 1975:73). However since 1974, Ms LaMarsh has herself been a director of the Unity Bank of Canada.

Perhaps the most important twist of the managerial revolution model to be discussed in Galbraith's The New Industrial State (1971) is his concept of the technostructure. In somewhat different form, this has also been discussed by Daniel Bell in certain well-known books. The notion centres around the idea that knowledge=power since the technocrats who are highly trained in specialized disciplines are indispensable for the functioning of the modern corporation. Galbraith concentrates on the men of knowledge as they operate in the corporation itself, Bell on the university as the new key institution. For Galbraith, the technostructure "embraces all who bring specialized knowledge, talent, or experience to group decision-making....There is no name for all who participate in group decision-making or the organization which they form. I propose to call this organization the technostructure" (1971:84).

There are differences between the managerial revolutionists but there are important similarities. Differences may revolve around emphasis placed on the role of the state in the era of the "new capitalism" (Sweezy, 1972:64-78). As Sweezy says, "The 'managerialists' writers like Berle and the editors of Fortune generally play down the importance of the state, while 'New Dealers' like Galbraith play it up and believe that the role of the state will inevitably continue to expand in the future" (Galbraith, 1971:87). All the managerial revolutionists agree that the vicious old style of capitalism is dead or dying, that a new social order dominated by rational, community-oriented planners is being born, that the separation of ownership from management serves to dampen the profit motive, that oligopoly and monopoly far from being fearful, are to be desired, and that the new corporate system is "soulful" "seeking to do its best not only for stockholders but also for workers, customers, suppliers, and the general public. A system dominated by soulful corporations is supposed to operate very differently from the old profit-oriented capitalism" (Galbraith, 1971:69).

On closer inspection, however, the whole foundation of managerial theory can be attacked, in the view of the writer quite successfully.

First of all, it is pointed out by critics (Clement, 1975; Newman, 1975) that the old model of corporations controlled by individual capitalists and families is by no means superceded. To this end, Ferdinand Lundberg's magnum opus is one gigantic proof. He points out that the wealth and power of the rich and the superrich is still dominant, that the real masters of the corporate system are still the Rockefellers, Duponts, Fords, Mellons, Pews, etc.

A debate has raged over the extent of family control over the largest corporations based on estimates of what percentage of stock it takes to wield control. This varies in accordance to each specific situation, but it is obvious that generally the more atomized shareholders there are, the easier it is to control a company with smaller and smaller percentages. The Berle-Means study of 1932 accepted 20 per cent as a sufficient figure for control of large corporations. More recent studies have accepted figure of 10 per cent, and for the largest companies even 5 per cent ownership of voting shares may confer de facto control. (For a summary of the literature see Zeitlin, 1974).

Depending on operating assumptions, conclusions of the percentage of companies controlled by individuals, families and controlling groups as opposed to 'management' vary. A recent study by Zeitlin found that 42.2 per cent of the Fortune Top 500 corporations could be identifiably attributed to specific owners. It is worth quoting Zeitlin's conclusions in full:

> We have a total of 198, of 39.6% of the top 500 firms controlled through a minimum of 10% ownership interest — a figure more than double Larner's original 95, or 19%....However, on the basis of its investigations, the Patman Committee concluded that effective control could be assured with even less than a 5% holding, "especially in very large corporations whose stock is widely held." Were this assumption correct, then...211 of 42.2% of the top 500 firms [are] controlled by identifiable ownership interests (Zeitlin, 1974:1087).

Although Zeitlin's efforts are a valuable effort to refute the managerial takeover thesis, there is a great deal of validity in the assertion of Lundberg and Rochester, "These researchers have argued that without an investigation of the specific situation in a given corporation, and of its interconnections between the principal shareholders, officers, and directors, and other corporations, the actual control group is unlikely to be identified" (quoted in Zeitlin, 1974:1083).

In Canada, for example, Power Corporation holds as much as 14 per cent of the voting stock of Argus Co., two of the largest national enterprises in the country. Power does not control Argus because there is still a large concentration of stock ownership among several key shareholders. In the winter of 1974, Power made signs that it would like to gain a controlling interest in Argus. Power spent a great deal of money buying up as much non-voting and voting shares as possible. One prominent shareholder in Argus, E.P. Taylor, was willing to sell out his interests but was prevented from the sale of voting stock to Power by an earlier agreement with the controlling group of Argus directors. The result of Power's battle for control was a substantial increase in non-voting shares and a 3.5 per cent increase in voting shares from 10.5 per cent to 14 per cent. But control was not obtained since the Argus actually increased their hold of voting shares as well from 51 per cent to 61 per cent. The ownership of Argus was not in doubt and the financial papers of central Canada did not have to search hard. Argus was controlled by Ravelston Corp Ltd, "a private investment company headed by Argus chairman John A. McDougald" (Anderson, 21 May 1975). Ravelston itself, was controlled as well by three other directors of Argus: George M. Black, Maxwell Meighen (son of former Prime Minister Arthur Meighen), and A. Bruce Matthews (Anderson, 21 May, 1975).

If the Power-Argus fights shows anything, it is that corporations continue to be controlled by small groups of large wealth holders. It often is true that the pattern of ownership is more complicated than in the past, that ownership is often held indirectly or in a disguised manner. But to ignore ownership patterns simply because one defines control as a function of one person or family, is to maintain a mistaken notion of the role of management. In an earlier description of Argus, Peter Newman wrote, "All Argus companies bear one telltale mark: each includes the same four names in its board of directors....When favour-seekers ask him to intercede with one of his firms, Taylor almost always tells them to see the president. 'Its our policy,' he says, 'to find the right executives to put them at the top, then to leave them alone to appoint their own employees right down the line.'" (Newman, 1965:226-227).

In addition, with the centralization of capital and corporations, it stands to reason that the larger capitalists cannot sit or wield actual every-day control in all the companies in which they have a real controlling interest. Instead corporation lawyers and other professional servants such as accountants or engineers may sit on boards for them. With the intermarriages on the female side of the larger dominant capitalist families one must watch out for controlling members of an extended family who do not actually share thesame last name.

Because of all these factors it is evident that while corporations are still controlled by identifiable persons or groups, exactly who owns is not so clear as in the past. In the past, at the height of capitalism and of the "robber barons", who owned what was no secret. But since Veblen's time (and his book may have had some influence in resulting behaviour) the wealthy have tended to become less ostentatious. One must agree withHill's observation that much of the debate over ownership and associated questions remains difficult since "the data are often inaccessible. One of the recurrent innovations in capitalist societies is the creation of new methods of control, many of which rely on secrecy" (Hill, 1974:43). Unless they attract public attention because of essentially non-business reasons, such as E.P. Taylor with his racetracks and racehorses, many modern capitalists are content to leave the limelight to others. After Argus had repelled the Power takeover bid, John A. Dougald allowed, "I do dislike publicity." He went on to say:

> You know, all I really had to do when Paul (Desmarais, chairman of Montreal-based Power Corp of Canada Ltd) announced his offer was to say that control was not for sale.
>
> But this kind of thing is very demoralizing for a lot of good people who work in our companies and who were very much disturbed by the announcement. So I was prepared to emerge inpublic a little more than I would really like. Now, all I want to do is just get back to business (Anderson, 23 May 1975).

Another crucial attack on the managerialists has been to demonstrate that corporation managers are by no means so disdainful of profit as sometimes held. This was first shown "on the basis of empirical studies" by Professor James Earley of Wisconsin who found that "the modern giant corporation is more, not less, profit oriented than its small-scale predecessor" (Sweezy, 1972:73).

A recent major study concentrating on the profit motive in managerial controlled firms, Management Control and the Large Corporation (1970) by Robert J. Larner found as follows:

> ...using multiple-regression analysis and taking into account assets, industrial concentration, Federal Reserve Board indicies of economy wide growth and fluctuation of profit rates, and equity-asset ratios, Larner found that the rates of profit earned by 'management' and 'owner'-controlled firms was about the same; both were equally profit oriented. Second, the evidence of fluctuations in profit rates suggested no support for the view that allegedly nonowning managements avoid risk taking more than owners do. Third, Larner found that the corporations dollar profit and rate of return on equity were the major determinants of the level of 'executive compensation'. Compensation of executives, he concluded, has been 'effectively harnassed' to the stockholders interests in profits (Zeitlin, 1974: 1095).

As Zeitlin points out, "Larner's findings contradict managerial theory, but are consistent both with neo-classical and neo-Marxist reasoning corporate conduct: every where management is, in fact, in control, it is compelled to engage in a systematic temporal search for highest practicable profits" (Earley, 1957:333) (Zeitlin, 1096).

And of course it is by no means clear that executives have no direct stake in a company's profitability since stock option plans are a customary part of a senior executives' prerequisites. Heidrick and Struggles, Inc, a management consulting and executive selection firm, found that of 136 corporation presidents in Canada with annual sales of at least 35 million, 70 per cent received stock options, 26 per cent received deferred profit sharing and 37 per cent received financial counseling (1973:6). R.C. Heilbroner, quoted by Ralph Miliband, found that a recent study by the National Industrial Conference Board showed that 7 per cent of 215 top executives "during the period of 1950-1960 gained at least 50,000 dollars through the use of stock options, that 32 per cent gained 250,000 dollars and that 8 per cent gained at least 1,000,000 dollars...Managers, the evidence shows, are by no means as ownerless as Professor Galbraith, following many others, maintains" (Miliband, 1968:219).

Once again it is likely that the managerialists allowed themselves to be unduly swayed by classical political economy despite their supposed rejection of it! In this case, they thought that the profit motive of an entrepreneur trying to maximize a profit in his lifetime, would be different from a corporation where management personnel came and went without the personality of any particular manager being of lasting importance to the firm. Be that as it may, as C.B. Macpherson points out, the desire to expand is only another way of ensuring long-term profit. The aim to ensure rapid profits versus the aim to expand is only contradictory given a span of 40-50 years, the average life span of a businessman who started his firm at an early age. Macpherson points out that an important novelty in modern capitalism

> is the rise of the modern corporation to a point where a few firms, whose behaviour is less competitive than (to use Schumpeter's fine word) 'correspective', can make prices and dominate markets, and whose decisions are said to be determined less by desire to maximise profits than to build empires and grow. The appearance of this phenomenon does indeed cast doubts on the justice of using theory implicit in neo-classical economics, for in these conditions there is no reason to believe that the corporations price-making decisions will maximise production or utilities. But it does not alter the basic nature of the system. The driving force is after all still maximization of profit, for it is only by accumulating profit that the corporation can continue to grow and to build empires. The only thing that is different is the time-span over which maximum profit is reckoned (Macpherson, 1972:30).

In this chapter we have discussed both the neoclassical and managerial perspectives on modern capitalism. We have found both perspectives wanting since both are designed in some sense to legitimate capitalism. Thus in both cases dubious axioms and propositions are accepted into the model. The neoclassical model keeps trying to refurbish the older doctrines of British political economy but given the changes over the last 200 years this is a hopeless task. The managerialist thesis is designed to defend the more modern forms of corporate capitalism on its own ground, but many of the operating assumptions of this model have been found to rest on very shaky ground.

In the following chapter will be developed a realistic alternative model based on the neo-Marxian notions of hinterland and metropolis. This model may be used in analyzing all of capitalism as a world system, but it may also be applied to the particular region of Canada. Showing the usefulness of such a model, the political economy of Canada since the 19th century will be discussed.

If we discuss the career patterns of Canadian politicians we must ask questions of their function and purpose. It is one thing if a politician acts within the boundaries of a capitalist system; it is quite another thing if he acts within a system which has surpassed capitalism.

In this review of models of political economy we have seen that the managerialist school maintains that capitalism in any traditional sense has been surpassed. If this istrue then the function of political and government elites would also have changed. Our analysis has shown, however, that such an analysis is facile and wrong. As one of its very primary aims, the political system defends the capitalist mode of production, albeit putting in some ground rules.

On the other hand, the classical and neoclassical approach suggest that capitalism hasn't really changed that much. This approach minimizes the importance of the change from competitive, entrepreneurial capitalism to non-competitive monopoly capitalism. The connection between federal politicians and monopoly or oligopoly capitalism is seen in the ease with which such politicians sit on the boards of dominant or middle-range firms (to use Clement's terminology).

Thus to understand the nature and composition of the government elite, one must have a proper understanding of political economy. It is this task that is carried on further in the next chapter.

FOOTNOTES

1 Wallace Clement points this out in his crucial work, The Canadian Corporate Elite, An Analysis of Economic Power (1975), "It is from the sectors owned by smaller manufacturers unable to compete in the international market that cries of nationalism can be heard since they are threatened by the onslaught of foreign dominants." (p. 171)

2 See C. Wright Mills, White Collar, The American Middle Classes (1951-1966), "In the early nineteenth century, although there are no exact figures, probably four-fifths of the occupied population were self-employed enterprisers." (p. 63).

3 See Libbie and Frank Park, Anatomy of Big Business (1962-1973), "From 1930 to 1953, the new Taylor company expanded rapidly, buying out 23 rival breweries, 12 of which were promptly shut down. In the words of the government report, 'power was obtained and competition eliminated by deliberate, direct, intentional acts.'" (p. 167)

4 K.Z. Paltiel, Political Party Financing in Canada (1970). "The most obvious generalization to be made about the finances of Canada's two older parties is that they look almost exclusively to business for the supply of their campaign funds. Both the Liberals and the Conservatives have tried with varying degrees of enthusiasm to widen their base of financial support. To date these efforts have been a failure." (p. 42)

CHAPTER III: METROPOLIS-HINTERLAND, A MODEL TO UNDERSTAND CANADIAN SOCIETY

In Chapter I we looked at the problem of interrecruitment patterns. We also looked at pluralist and Marxist notions of the state. It was seen that pluralists, such as Arnold Rose, underestimate the importance of interrecruitment patterns. Several Marxist or critical authors such as R.W. Johnson, B. Mintz, R. Miliband, and W. Domhoff have found extensive interrecruitment patterns in the advanced capitalist countries.

In Chapter II, we began a survey of political economy. It is a principle of historical materialism that political and social structures must always be analysed within the confines of political economy. This is so since political and social structures are ultimately dependent on phases of political economy.

In Chapter II, the neoclassical and managerial revolutionist models were found wanting. On the one hand, the consumer-citizen is not king; on the other, large corporations hardly achieve the supercession of the capitalist mode of production. These conclusions definitely have implications for government elites. Given the inequality engendered by the market system, it would be very surprising if the government elite were characterized by the principal of egalitarian democracy.

Following this discussion of political economy, Chapter III develops what is considered by the author to be the best model for discussing Canada. This interpretation is based on the concepts of hinterland-metropolis. Once again it may be repeated that political and social institutions must be considered in the light of political economy. Secondly, the following discussion should also shed light on the particular aspects of Canadian political economy and development. For example, it is our expectation that the metropolis-hinterland ties entered into by Canada will be evident in the career patterns of the Canadian Prime Ministers. This factor will also be especially evident in Chapter IX where the incidence of Canadian politicians sitting on foreign subsidiaries will be discussed.

In trying to understand the nature and development of Canadian society a number of models have been put forward by Canadian social scientists. Scholars with different interests, values, and perspectives have advanced models with distinctly varying aims and purposes. Sometimes the data in these models conflicted with the data presented in other models; at other times the themes and topics of one scholarly school did not interest the members of other scholarly schools. For example, it was a Marxist historian, Stanley B. Ryerson, who emphasized the role of slavery in Canadian history (1972:233-241). Students of most Canadian history courses in the past might well have been unaware of the presence of slavery in Canada, although mention was often made of George Brown's opposition to American slavery.

J.M.S. Careless, in a 1954 article, succinctly summarized a number of the models used by Canadian social scientists to analyze Canadian history. He identified the "Britannic, or Blood is Thicker than Water" School, the authors of which were "often convinced imperialists". The theme of such authors was "the emergence of a new Britannic community within the empire" (1967:64).

Another school was called by Careless that of Political Nationhood which "chiefly concentrated on the paper-strewn to national status" (1967:

65). This school tended to be anti-British and wary of the Imperial tie that binds. As Careless points out, much of the work of this school was done "amidst the somewhat unreal atmosphere of Makcenzie King's bold crusade of the 1920s for Canada's right to have no foreign policy" (1967: 66). Careless adds that these writers were often strongly Liberal in their sympathy.

Another school, the Environmentalist, had been influenced by the American historian, F.J. Turner. Such social scientists who adhered to this school were convinced of the importance of the frontier in moulding the social institutions and structures of the new North American societies. The Environmentalist school held that such phenomena as democracy, hinterland religious movements, and other institutional innovations were "forest-born".

There have also been continuing disputes among Canadian scholars about the strength and logic of ties in specific directions. Another historical school, strongly backed by D.G. Creighton, revolved around the "Laurentian thesis". This thesis rested on the idea "that the long St. Lawrence water route and its connections across the continent became the basis of an extensive communications system around which Canada itself took shape" (Careless, 1967:76). Thus this school defended the logic for an independent Canadian state (and for Creighton, nation as well).

The strength of the ties that bind Canada to the United States have also been emphasized as the leading theme in Canadian development, and a famous British scholar who settled in Canada, Goldwin Smith, as far back as 1891 wrote one of the classic texts showing how the north-south ties were and would be far more important a basis on which to build a state than the east-west "Laurentian" linkages.

In the more recently developed discipline of sociology there have also been attempts to arrive at overarching theories of the development of Canadian society. As Wallace Clement (1975b) has pointed out, the use of a holistic model based upon total society analysis has not been characteristic of English-Canadian sociology (a theme also expressed a number of times by A.K. Davis (1971:15-16). Total-society analysis has been more characteristic of French-Canadian sociology, a point emphasized by Clement (1975b:1) and by Nock (1974:see infra).

When sociologists have tried to analyze Canadian society from a total-society perspective, they have too often relied on structural-functional interpretations of Canada as a more or less just society characterized by a more or less sufficient degree of openness and distribution of power. This interpretation depends upon the thought of the German sociologist Max Weber, as translated, interpreted, and vulgarized by Talcott Parsons. As A.K. Davis says:

> Two generations later, they can come up with nothing better than a watered-down application of Weber's sociological analysis....They do not even do justice to Max Weber, who was not merely a sociologist but also a first-class economic historian. The North American disciples of Weber have latched onto Weber's timeless abstractions while ignoring for the most part his deep-rooted historical context. Here, we refer, of course, to T. Parsons and his followers (Davis, 1971:15).

Economists too have tried to develop quasi-universalistic models which have been applied to Canada. An American economist later closely connected with the American war effort in Vietnam, W.W. Rostow, developed a stage theory of economic growth which depended on the logic of leaps and takeoffs resulting from the cumulative effects of earlier development. Canada was supposed to have undergone its "leap" at the turn of the century. However, Gordon Bertram pointed out the inadequacy of applying such a model to Canada. After a lengthy discussion, he concluded: "The conclusion of this paper is that in the Canadian case a stage analysis is not illuminating and evidence of a takeoff cannot be verified" (1963:160). A grave weakness of the Rostow model was its failure to analyze economic world systems based upon something less than impartial behaviour of constituent parts.

However there has been a prominent school or model for the analysis of Canadian society which was born shortly after World War I and which thrived into the 1950s. The school then went into decline in the mid 1950s and stayed in a slump of unpopularity till the late 1960s. Since the early 1970s this school has been rediscovered and is now being added to by Canadian social scientists in general such as the economist Mel Watkins (1973:107-126), the sociologist Graham Lowe (1975), or the political scientist Daniel Drache (1975). Nevertheless there are important differences between the earlier period of this model and its modern development since the beginning of the 1970s.

In the above paragraph we have been discussing the school centred around political economists such as H. Innis who analyzed Canada as a staple frontier producing a changing list of staples for export. This approach has been resuscitated with more conscious elaboration of the exploitive features of the staple economy. But even such ideas date back, at least in embryo, to the early work of Harold Innis. Central to the staple model, has been elaboration of the concept of metropolis-hinterland relationships. Roughly the same concept was termed by Innis "centre-margin" (1930-1975:385) and later by Careless as "frontierism-metropolitanism" (1954-1967).

Such ideas have been current in Marxist thought at least since the works of Bukharin (1915) and Lenin (1917). They were not totally ignored by Marx, who however, did not fully understand the implications (1964; on this see Sweezy, 1972:171-173). As a result of this incomplete understanding of metropolis-hinterland relationships. Marx overrated the revolutionary potential of the western proletariat and underestimated that of the superexploited regions of the Third World.

In his early very influential work (1930), Innis pointed out that the development of Canada did not depend on the creation of a quasi-independent group of entrepreneurs, but upon the reciprocal relationship in trade and social patterns between the centre and the margin. The margin produced an ever changing number of staples for export. In Canadian history such staples included fur, fish, lumber, wheat, and minerals. The staples were then exported to the centre in exchange for manufactured goods. As Innis put it so clearly of the earlier period of Canadian history, "Canada remained British in spite of free trade and chiefly because she continued as an exporter of staples to a progressively industrialized mother country" (1930-1975:385).

Later on, the United States also experienced rapid "industrial and capitalistic growth" (p. 385). Despite its size "even the United States has found it necessary with the disappearance of free land, the decline of natural resources, and the demand for new industrial materials, notably rubber, to rely on outside areas as shown in her imperialistic policy of the twentieth century" (Innis, 1930-1975:385-186). On the other hand, Canada aided American industrial development by attracting branch plants which could export products throughout the British empire. But on the whole, concludes Innis, Canada "has continued, however, chiefly as a producer of staples for the industrial centres of the United States even more than of Great Britain" (p. 386).

Although the staple-product model allied to metropolis-hinterland analysis has become an increasingly important model once again within Canadian social science, it has not gone unchallenged. Kenneth Buckley in a paper published in the Journal of Economic History (1958) argued that the staple model only had significance up until 1820 — roughly the time of the decline in importance of the fur trade. However, this conclusion has been called into question by Hugh G.J. Aitken who wrote a reply to Buckley's paper in the same journal, claiming that the staple model had a validity at least until 1914.

Melville H. Watkins in his review of this subject pointed out, "Buckley rightly insists that the economy became more complex after 1820 and that the range of economic opportunity widened, but this does not mean that staple exports ceased to be of critical importance" (1963:155). In fact Watkins points to the period of 1896 to 1913 as "undeniably an example of a classic staple boom" (1963:156). In general Watkins concluded that the staple model was of continuing validity for understanding the development of Canadian society since the "fundamental fact" of Canada's position is its "pervasive interdependence with the North Atlantic community and particularly the United States. Canada is a small and open economy, a marginal area responding to the exogenous impact of the international economy. The basic determinants of Canadian growth are the volume and character of her staple exports..." (Watkins, 1963:157).

It might be thought that the staple model would have emerged wherever staple exports dominated the economy. However, the relationship of models of society and the economy are not determined in a simplistic or mechanistic manner. As Watkins points out, it was only in Canada that the staple model came to maturity. "The staple approach to the study of economic history is primarily a Canadian innovation. It is underdeveloped in any explicit form in most countries where the export sector of the economy is or was dominant" (Watkins, 1963:141). Despite the appropriateness of the centre-margin model for Latin America, dual society analysis predominated even among other Marxists until A.G.Frank's work of the 1960s.

As the centre-margin staple approach was developed, it became more than simply a model which discussed staple exports in a narrow economic sense. A macrosociology, whether explicit or implicit, was developed around the central economic ideas. This is an important reason why a number of observers have suggested that in the centre-margin staple approach lies the basis for a Canadian social science that overlaps and includes political economy, economic history, and sociology. For example, even in Watkins' early paper discussed above, the author mentioned sociological offshoots of the staple economy such as the development of an export mentality among the elites of the margin. He writes, "A more real difficulty is that the staple exporters — specifically, those exercising political control — will develop an inhibiting 'export mentality' resulting in an overconcentration of resources in the export sector and a reluctance to promote domestic development" (Watkins, 1963:150).

Watkins' main questionable conclusion was an excess of voluntarism when he stated that "the elimination" of the inhibiting export mentality "lies within Canadian control" (1963:158). Given the intertwined interests between the capitalist industrial sectors of the centre and the ruling elites of the margin, Watkins clearly did not at that time understand the structural reasons which develop and ensure the regeneration of the centre-margin relationship.

However, his conclusion that a staple economy encourages an export mentality may be endorsed. The kernel of this idea has been reborn in the Waffle scholars' assertion of the de-industrialization hypothesis. The de-industrialization process is caused not entirely by the transfer of plants but because margin compradors believe and are encouraged to believe that their wellbeing is dependent on the staple economy. In the case of Alberta E. Schaffer found that a high percentage of industrial jobs were actually dependent directly or indirectly on the oil and petroleum industry (1975).

Following upon the centre-margin staple model, the development of Canada must be seen as dependent on her links with successive empires — the French, the British, and the American. Innis even attributed the boundaries of Canada to those of the fur trade. "It is no mere accident that the present Dominion coincides roughly with the fur-trading areas of northern North America" (1930-1975:392). And as for Canada's political allegiance he commented, "The northern half of North America remained British because of the importance of fur as a staple product" (1930-1975:391).

However, since Canada has had political autonomy since 1849, the degree to which Canada is locked into centre-margin relationships has been contested by those who assert that such a model emphasizes to an excessive extent the degree of exogenous control of the supposed centre on the margin. For example, S.D. Clark has accused A.K. Davis for a tendency "to read into the past what appears to be true of the present" and with "an obsession with the evils of American imperialism". He then comments that the concentration on these "supposed evils" has led to a distorted analysis of Canadian history in terms of a "centre-periphery imperialist-colonialist, metropolis-hinterland type of relationship" (Clark, 1975:26).

There are two relevant points to be made. Firstly, Davis himself has acknowledged the earlier contributions of Canadian political economists and clearly understands that the use of a metropolis-hinterland model was natural for analyzing Canadian society. In discussing metropolis-hinterland, Davis acknowledged, "There is nothing really new in these remarks. In fact, a good deal of work has been done along these lines by Canadian scholars especially by such economic historians as Innis and Fowke" (Davis, 1972:37). Secondly, Innis himself had pointed to the ties of the French, British, and the American empires and their saliency to an understanding of the development of Canadian society. Thus Davis' contribution lies not in importing an American model because of his supposed overemphasis on American imperialism, but his introduction into academic anglophone sociology of a model long used by well-known political economists in Canada.

Perhaps Clark's pique at Davis may be accounted for in the fact that recent developers of the staple export centre-margin approach have consciously Marxianized the model, following upon the analysis and reformation of Marxist thought by a group of scholars surrounding the journal Monthly Review. Andre Gunder Frank in particular has caught academic attention with his usage of the metropolis-hinterland model to analyze Latin American society. Frank maintains that Latin American underdevelopment is not caused by the exclusion of certain traditional sectors from the market economy, but because of the exploitive aspect of the metropolis-hinterland linkage which has existed within the framework of the capitalist economy since the sixteenth century. The Monthly Review school has also stressed the superexploitation of the Third World and the continentalization of immiseration as the cause for revolutionary movements in the Third World and their relative stagnation in the advanced capitalist countries.

Marx, it will be remembered, emphasized the exploitation of the working class by the extraction of surplus value by the capitalist from the worker. Capitalism could then be interpreted as a system whereby the owner of capital is able to accumulate capital into his own hands at the expense of the worker. The obvious corollary is a lack of real benefit for the worker from the operation of the system and an absence of mutual benefit. However with the development of metropolis-hinterland relationships based on staple exports, superexploitation results. As Mel Watkins in his recent incarnation as Waffle leader puts it, "Now, under capitalism a surplus is everywhere created by the exploitation of wage-labour, but this is particularly so in the case of resource development....the so-called returns to capital are unambiguously 'rents' or 'super-profits'" (1973:112).

One result of the marxianization of the centre-margin concept has been a realization that the central unifying theme of the model or paradigm is not so much geography as power. For example, A.K. Davis has defined the terms so as to indicate underclasses and overclasses in general (1972). In actual fact the differentiation in power relationships has tended to be continentalized or at least made to correlate with the development or underdevelopment of specific regions. Thus Davis' definition of the concepts is:

> Hinterland means, in the first instance, relatively

> underdeveloped or colonial areas which export for the most part semi-processed extractive materials — including people who migrate from the country to the city for better educational and work opportunities. Hinterland may also usefully denote urban underclasses as well as rural peasantries and rural proletariat. Metropolis signifies the centres of economic and political control located in the larger cities. Further, the term may denote urban upperclass elites, or regional and national power structures of one sort or another (Davis, 1971:13).

Criticisms have been voiced against such an extended definition particularly because the regional aspect of the concept is underplayed while the element of the totality of power relationships is accented. When used in a non-marxian sense metropolis-hinterland analysis may stress nothing more than a geographical environmentalist perspective. However, the extended definition used by Davis can be understood and defended when it is realized that in Marxist usage of the concept, the underlying common element is the manner of functioning of capitalism as a world system and not abstracted general conceptions of regionality.

Davis also goes on to point out that there are hierarchies of metropolis-hinterland relationships:

> As northern Saskatchewan in certain respects may be seen as an economic and political hinterland of southern Saskatchewan, so Saskatchewan, itself, is in large part a hinterland of eastern Canada; and Canada, of the United States. Needless to say, the United States likewise includes a complex network of hinterland or underclass groups, regions, marginal colonials, and so on (Davis, 1971:12).

Innis himself analyzed North America as an economic system with the northern and southern areas (Canada and the American south) both "subordinate" to the middle region. The north was dependent on furs and then a variety of other staples, the south was dependent on cotton and both of these hinterlands developed strong ties with Europe. The middle region

— the northern United States was a "widely diversified economic territory" which drew the south into its orbit as a result of the Civil War "just as the northern fur-producing area, at present producing the staples, wheat, pulp and paper, minerals, and lumber, tends to be brought under its influence" (1930-1975:392).

A number of observers have recognized different types of behaviour and of institutions between Canada and the United States. For example, Robin Mathews has contrasted American and Canadian literature. American literature he finds characterized by "the liberal anarchist individualist who is essentially self-regarding, essentially anti-community" (1973:214). According to Mathews, the American literary hero, like Huck Finn, typically chooses to "light out for the territory", that is the hinterland, where he can seek his own fortune. And as S.D. Clark has reminded us, the American frontier was characterized by a greater degree of "softness" which meant that exploitation of resources was easier and cheaper (1975:27). As a consequence there were greater opportunities for the small entrepreneur. In Canada with its "harder" frontier, large-scale bureaucratic organizations centralized in eastern metropoles tended to pave the way for hinterland "development". Thus to come back to Mathews, he finds in Canadian literature as typical, "heros" who reject the liberal individualist position and who build novels with specific concern about the choice between the individual and the community" (1973:216).

Although Mathews tends to point out the positive aspects of this differential pattern of development, others have pointed out possible drawbacks. As Careless says when referring to the Laurentian school: "It looked not from the forest-born frontiers for its perspective of Canadian history but from developing eastern centres of commerce and industry. Indeed, it primarily studied the effects of the East on the West... (1954-1967:78).

In Canada one important historic hinterland movement has been the resentment of the west against the east. It would seem that the hinterland-metropolis relationship is often understood, at least partially, by those involved in the relationship. A.K. Davis points out the tendency for self-consciousness to emerge among hinterlanders often leading to movements of liberation. He says there is "a tendency on the part of hinterland groups and interests to fight back eventually against their metropolitan exploiters in order to gain a larger place in the regional or national or international sun" (1971:13).

The tendency for political and economic power to be regionalized in central Canadian metropolises was noticed by Innis. He notes that the prairie provinces as producers of wheat and in the earlier period, of furs, were controlled from Montreal and Ottawa (1930-1975:400). Innis also noted that railroads and banks were controlled in eastern Canada and that this was contrary to development in the United States. "No such tendency toward unity of structure in institutions and towards centralized control as found in Canada can be observed in the United States" (1930-1975:401). In the United States there has been a greater tendency for local areas to establish their own institutions and to form local metropolises. In 1928 a Member of Parliament, G.G. Coote, pointed out this metropolis centralization in the financial sector:

> In Canada four banks control approximately 80 percent of the banking and credit business of the entire country while in the United States every city and town has its own bank owned and controlled by men whose interests are centred in the community ....Let us remodel our banking system to make it

> serve the needs of the people in the outlying parts of the Dominion as well as those living in the vicinity of Toronto and Montreal (1927: 1080).

Thus, before we go onto a more detailed discussion we should note the following points about Canadian development: constantly bound to centre-margin relationships caused by linkages to a series of imperiums; strongly centralized institutionalized structures with the "development" of the hinterlands organized by metropolitan centres rather than by the more spontaneous outpourings of people and institutions to the American hinterlands; dependence on staple exports tending to keep down the Canadian population since large populations would tend to threaten a number of staple bases (such as the fur trade); a strong emphasis on public entrepreneurship (see Hardin, 1974:infra); and the development of ruling classes and political elites which were and are interdependent in outlook and identity with the dominant imperiums.

* * * * * * *

In analyzing the development of nation-states, Marxist thought formerly stressed that such movements were organized by bourgeoisies of particular ethnic groups anxious to establish a home market. Thus, J.V. Stalin in his most important theoretical work asserted that: "The chief problem for the bourgeoisie is the problem of the market. It aims to sell its goods and to emerge victorious from competition with the bourgeoisie of a different nationality. Hence its desire to secure its 'own', its 'home' market. The market is the first school in which the bourgeoisie learns its nationalism" (1913-1972:67).

Stalin discussed not only the development of national consciousness among the bourgeoisies of independent kingdoms or republics such as England and France. He also mentioned areas such as Eastern Europe where ethnic groups often had a long history of subordination to superordinate states dominated by a particular ethnic group. As he wrote, "The struggle is usually conducted by the urban petty bourgeoisie of the oppressed nation against the big bourgeoisie of the oppressed nation (Czechs and Germans)..." (Stalin, 1913-1972:67).

Undoubtedly based upon mechanical analogies to the development of nation-states among the older countries of western Europe, this early Marxist analysis did not take into sufficient account that other "bourgeoisies" of subordinate nations or ethnic groups might have developed integral linkages with the true bourgeoisies of the imperiums. In short this early Marxist analysis (such as Stalin's, which was written before Lenin's Imperialism) did not consider in sufficient depth the importance of the process of imperialism, whereby partly as a result of the carrot and partly as a result of the stick, the "bourgeoisies" of subordinate regions would often enthusiastically accept junior partner roles, or as Progressive Worker puts it, roles as comprador bourgeoisies.

Progressive Worker defined this concept as follows:

> Originally a native housesteward in India and China, a native servant employed as head of the native staff, or as an agent of European firms. Now applied to the section of the capitalists in a colony or neo-colony, who serve the interests of the imperialists. The dominant group of Canadian capitalists have always fallen into the category of comprador, serving first the cause of British imperialism and then entering the service of U.S. imperialism when it became the dominant power in the economy of Canada (n.d.-c. 1970:67).

The concept is also heavily utilized by W. Clement (1975:see infra). A similar concept of the lumpenbourgeoisie has been developed by A.G. Frank (1972) in his discussions on Latin America.

Because of this overly mechanistic analysis of the role of national bourgeoisies the Soviet Bolshevik party came to grief when in the 1920s it analyzed the Chinese Kuomintang as a bourgeoisie (in the older sense) rather than as a lumpenbourgeoisie or comprador bourgeoisie (on this see Sweezy, 1972:177-179;[1] and Horowitz, 1971:170-171).

In Canada, because of the centre-margin relationship which has existed since the country was colonized by Europeans, there has never been an independent capitalism or state such as was established by the United States after it overthrew the British imperium in its decade-long war of independence. One school of Canadian Marxists has analyzed the rebellions of Upper and Lower Canada in 1837-38 as national-bourgeois liberal revolutions of the sort that might have set about the development of an autonomous Canadian capitalist state (the group centred around the Canadian Liberation Movement and New Canada Press; see Keilty, 1974). Other writers who have defended the British imperial tie have argued that Canada was too weak ever to develop an autonomous capitalist state capable of warding off the manifest-destiny aggressions of the United States. Such an author as Donald Creighton has analyzed the British connection as a much more benevolent imperial tie than that subsequently developed by the United States (see Creighton, 1971:181). In a rather similar manner Michel Brunet has argued that France acted as a "metropole nourriciere" for the infant colony of New France (1958). However Stanley Ryerson (1972:159,161) has argued that the normal effects of centre-margin relationships tended to stifle the autonomous development of New France.

Although Canada has never been free of the centre-margin relationship, there are several distinct concrete periods. The first imperium ended, of course, as a result of force of arms. As Brunet has pointed out in several cogent essays, this event plunged French Canada into a social, economic and political of inferiority that has lasted to this day. However in his excess of distaste for the new colonial masters, Brunet may well have downplayed the effects of the centre-margin relationship before the Conquest of 1760. After all, New France too was essentially a colony based on staple exports — especially fur, wheat, and lumber. As Ryerson explains:

> The 'seedlings of capitalism' planted in Talon's day were stunted in their growth. In the first place the system of colonialism stifled expansion: as one authority notes, 'It was the government policy to discourage the establishment of industries in the colonies'. Furthermore, the colonial pattern of New France, dominated by the fur trade, was particularly inimical to the growth of a stable local market economy and its advance to one based on manufacture and wage labour (Ryerson, 1972:159-160).

THE BRITISH PERIOD

With the British conquest, large numbers of British and American (then still a British colony) merchants flocked into Canada. They quickly became a leading class segment of the colony. Their development has been well documented by Donald Creighton in his The Commercial Empire of the St. Lawrence (1937). The fur trade was the first dominant staple, but the growing strength of the United States and the central concern to Britain of Napoleon until 1815, led to the cession into American hands of large sections of land useful to the fur trade. Certainly the fur trade continued after the War of 1812, but not as the dominant staple it had been previously. Donald Creighton comments, "Great Britain, whose problems in Europe were as serious as its interests in central North

America were negligible, abruptly abandoned its entire position....The war, which had been won in the far west by the old alliance of red-coats, fur-traders and Indians, had been lost as usual by the British diplomats in Europe" (1937-1970:181). After the conclusion of the war, Canadians involved in the trade were restricted to the north. Creighton points out that in 1816 the American Congress passed a bill restricting licenses for the trade to American citizens only except upon executive action by the president (Creighton, 1937-1970:183). However the fur trade interests continued to dominate both politically and economically an immense territory west of the Cambrian Shield until the 1870s.

The staple export basis of Canada continued despite this setback. As Creighton notes of this period of transition, "The decline of the fur trade in one region and its total disappearance in another served merely to accentuate the importance of the new staple trades" (1937-1970: 187). In particular, the timber trade grew into ascendancy followed at a distance by exports of flour and wheat. (The Canadian historian A.R. M. Lower was the principal chronicler of the development of the timber and lumber staple. Most recently at the age of 84 he published _Great Britain's Woodyard, 1763-1867_ (1973).

However, the logic of history was not to support the continuation of the older quasi-mercantile system. Because it became the "workshop of the world", Britain came to see the mercantile system as a drawback to its interests. As the industrial and financial centre of the world, Britain saw that its benefit would be greater under a system of free trade. Political economists defended the principle of free trade on the grounds of efficiency and utility. But there can be no doubt that Britain chose to adopt free trade because it was in the ascendancy in the world economic system. When other countries started to industrialize towards the end of the nineteenth century (especially Germany and the United States) they set up tariff barriers to protect their infant industries (Elliott, 1973:174). It is no accident that Britain adopted free trade from the 1840s until 1932 — the very period when Britain held either a monopolistic position in the world economy, and then adopted protection once again during the Great Depression when its economic position had been seriously weakened by World War I and by a number of other factors.

The effects on Canada were significant. One outlandish sign of the farreaching consequences of British free trade was the development of a movement among the Tory merchants centred in Montreal for annexation to the United States. These were men who had beat their chests with loyalty to Great Britain in the loudest manner. Donald Creighton describes:

> Up to the very end the conservative merchants of Canada had accepted the economic limitations of the empire. Up to the very end they had defended the empire's regulating control. But when Great Britain had destroyed its old commercial system and had renounced its old political supervision, the tories recoiled from the unnatural mother country with a violence which simply revealed the extent of their dependence and the depth of their loyalty. To them the empire had been emptied of its value and their allegiance of its meaning. They capped the movement for commercial reciprocity with an agitation for political union. And the annexation manifesto proclaimed the spiritual death of the second empire (1937-1970:370).

There are a number of conclusions to be drawn from the termination of the second empire. These conclusions may be kept in mind when discussing the nature of ties between Canada and the United States. Firstly, we see that the relationship was not one of violent domination of the centre over its margin. In fact, the dominant classes of the margin were dependent on a relationship which the centre had found to be "a millstone around our necks" to quote Disraeli's comment on the colonies. Henceforth Britain wished to incorporate almost the entire globe as its margin — not merely the colonies. In a like manner we should not interpret the centre-margin relationship between Canada and its centre as simply imposed. The relationship is a dynamic and changing one in which the interests of various groups, classes, and elites are always in flux.

In short, centre-margin relationships cannot be described as equilibrium processes. Nor is there a simplistic relationship between elites. In Quebec Hubert Guindon has shown how French professional elites accepted a division of power between themselves and the anglophone immigrants (see Guindon, 1968:56-57). Each gained by this silent pact, with the French petite bourgeoisie in control of the social and spiritual institutions and the anglophone bourgeoisie in charge of the economic sector. In that specific situation, however, one has to keep in mind that the French Canadian professional class had lost its bid for complete hegemonic power in the defeat of the Rebellions of 1837-38 (see Rioux, 1971). To sum up, who gains what from centre-margin relationships is not always a simple process of one-directional outflow. The continuance of such a relationship depends on the ability of both the imperium and dominant groups in the hinterland to gain from the situation.

The old order changed quickly in the Canadas. In the space of several years Canada had lost its special relationship to Britain in the economy. (How often have Canadian ruling classes sought special relationships to outside imperiums?) Politically the change was evidenced by the Rebellion Losses Bill which was interpreted by the Tory merchants as a bid to reward the former rebels of 1837-38 with compensation.

With Canada's economic preference to the empire lost, a new arrangement was made with the United States which lasted from 1854-1866. The immediate consequence of British free trade was for Canada to diversify its dependency. Canada's trade with Britain certainly did not disappear. As Tucker points out, "Nor did the adoption by Great Britain of the policy of free trade in raw materials leave the province in the serious position of having a permanent unmarketable surplus of wheat and timber. When all is said and done the province was raising good competitive wheat" (1936-1964:153). But Canada's tie to Britain, although still very strong until the 1920s was no longer unique. Tucker points out two effects: "One was that under the new conditions the St. Lawrence was never to regain its monopoly of the Canadian trade with Britain. The other was that after the change in policy the external trade of Canada became much more widely diffused than it had been before" (Tucker, 1936-1964:154).

Indeed to the Reciprocity Treaty of 1854 may be traced Canada's commencement of close economic relations with the United States. Once again to quote Tucker on the effects of the new economic system:

> Before the year 1847 it had been almost entirely an intra-imperial trade, the amount of smuggling over the American border being certainly insufficient to modify this statement seriously. The great bulk of the trade both in exports and imports had been with Great Britain itself; that part carried on with the United States having been small, and having increased much less rapidly than had the trade with Great Britain. After 1846 the provincial trade with Great Britain diminished; but with the return of prosperity it began once more to increase. Under the new commercial system, however, the United States obtained a much larger share of the provincial trade than ever before. Under the new conditions too, the

> total trade with the United States increased more rapidly than did that with Britain. Indeed it was during these years that Canada began to develop those intimate economic relations with the United States which have continued ever since..... (Tucker, 1936-1964:161).

CONFEDERATION AND AFTER

Some would have it that Confederation simply grew out of the national aspirations of Canadians and Maritimers to create a great new nation. Donald Creighton, the Dean of the Canadian historical profession, inclines to this position. He writes, "The primary aim of Confederation was political — the creation of a great 'new nationality'" (1971:11).

Creighton has mixed a materialistic approach on some issues with an idealistic one on others. In his discussion of the American take-over of Canada or of the behaviour of the Montreal merchants until 1850, he is a materialist and therefore precise; when talking about the creation of the Canadian nation (Creighton has never been able to acknowledge the difference between state and nation and claims that not just a new state but also a new nation was created by Confederation) he is inclined toward patriotic sentimentality.

In fact, there were a number of "down-to-earth" reasons why Confederation took place when it did. Britain had dropped its mercantilist system for free trade and found colonies a cost rather than a benefit; the United States did not renew the reciprocity treaty in 1866 and this outcome had been rumoured for several years before the event. As Fowke has put it:

> The decision to create and develop an integrated

> economy on a national basis was adopted because of the disappearance of not one but two more highly regarded alternative possibilities — those of imperial and of continental economic integration. The alteration of British trade and fiscal policy at mid-century as represented by the removal of imperial preferences not only ended any hope of the immediate extension of imperial integration but also seriously reduced that which had previously existed. The Reciprocity Treaty, put into effect in the 1850s with the United States, restored temporarily to full vigour the persistent belief among British North American economic groups that continental integration offered a practicable and preferable alternative to close imperial economic relationships. This belief, however, waned in proportion as the conviction grew that the Americans were unlikely to renew the treaty upon the expiration of its first term (1957-1973:5).

Canada continued to seek special trade relationships with the United States. As Fowke says, "Various official Canadian 'pilgrimages' sought a reciprocity agreement in Washington between 1854 and 1911" (Fowke, 1957-1973:6).

However, there were more than negative influences which led to Confederation. After the Napoleonic wars, there had been several waves of mass migration into Canada. With the development of a large population as a market, there were increased opportunities for fortunes to be made from the indigenous market. As Fowke notes, the years of the great migrations essentially spanned from 1825 to 1855. "After the widespread economic crisis of 1857, immigration to Canada was small for several years and did not recover substantial proportions before Confederation" (1957-1973:12).

The presence of a large agricultural population stimulated the development of indigenous market enterprise. Fowke has termed the agricultural regions which stimulated such capitalist growth as "investment frontiers". He lampoons traditional pictures of the self-reliant, subsistence farmer of the pioneer era. Fowke writes, "It is one of the contentions of this study that the exchange activities of the Canadian frontier settler in eastern Canada were far from negligible and that his integration into the price system did not await or depend upon his production of a staple agricultural export" (1957-1973:13). Moreover as the settler became more established his interaction with the market system tended to expand. "Contemporary evidence makes it clear that his demands on the commercial system for capital equipment and consumers goods persisted and became increasingly diverse in proportion as he became more and more settled" (Fowke, 1957-1973:17).

The upshot of Fowke's analysis is that agricultural settlement promoted capitalist development and that although the lesson took some time to make its impact, nevertheless by the 1850s there was a realization "of the significance of immigration and agricultural settlement for the well-being of the entire economy" (Fowke, 1957-1973:22).

At first, the market elements stimulated by agricultural settlement did not look to the Canadian north-west. The north-west was separated from the metropolis centres of southern Ontario and western Quebec by the immense lengths of northern Ontario. In addition the Prairies were still dominated by the Hudson's Bay Company; finally, information was still scanty on the value and possibilities of this area. Thus, indigenous capitalists looked to the American frontier for opportunities for expansion. However just as the American west had been closed to Canadian fur traders in 1816, so it became closed to Canadian merchants. "By 1860 it was apparent that the St. Lawrence commercial system had no chance of sharing in the agricultural trade of the American frontier. If the St. Lawrence merchant group were to look to an expanding agricultural frontier for profitable employment, it would of necessity be one of their own creation" (Fowke, 1957-1973:26).

By the 1850s the original agricultural areas of Ontario were fast being settled. Expansion was commencing into northern Ontario beginning with the Muskoka area and then extending as far as Sault Ste. Marie to the north-west (Landon, 1969:76). Then, between 1857 and 1860, various exploring expeditions were sent to the Prairies, especially that led by Captain Palliser. He reported that most of the area "between the Shield and the mountains" was fertile and quite suitable for settlement.

Thus by the 1860s in the Canadas there existed a growing capitalism based upon an agricultural population, anxious to expand but cut off from the United States and less able to trade entirely with the American States. Clearly there was an immense region which had the potential for settlement but it was a thousand miles away from the Canadian metropoles and the territory between was rough, rocky and harsh country.

Thus, to exploit and develop the new region, expensive transportation networks would have to be established. The problems created by the north-west were too big for the existing political arrangement to solve. As Fowke says:

> The third fact which developed from the preliminary examination in the 1850s was that any attempt to develop western prospects would be a task so great as to be far beyond the capabilities of any one of the British American colonies or provinces as currently constituted....A union of all of them would be the smallest aggregation of strength with which to approach the problems of western development (1957-1973:29).

Given the advantage of Confederation to those market interests which hoped to benefit from the development of the west, it is hardly surprising that the strongest sentiment for the union was in Ontario and that as one went east the support became weaker. What could the Maritime provinces hope for from the union? Indeed Maritime capitalists had much to fear since Confederation would and did bring about the removal of high tariff barriers between the provinces (Fowke, 1957-1973) and thus brought about the destruction of native industry. Confederation turned out to be a two-step act of aggressive development with the centre assimilating both the east and the west.

Newfoundland stayed out of the pact and did not enter until the Depression had undermined its own political system. Prince Edward Island did not enter the union until 1873. In Nova Scotia and New Brunswick anti-confederation movements lasted almost until the turn of the century. In New Brunswick, for example, "there was an election in which the voters rejected the Quebec scheme; and it took much devious manoeuvring to get that negative decision reversed" (Underhill, 1970:3). About Nova Scotia Underhill says, "the people showed their real sentiments as soon as they got a chance; they voted strongly against the union in the election of 1867, after the union had been imposed on them" (1970:4).

In Quebec, opinion on Confederation was decidedly mixed. As Underhill points out, "Lower Canada also had reasons for being sceptical about the larger union. The French-Canadians were in a very satisfactory position in the existing province of Canada" (1970:6). Although by the 1850s the French population of the province of Canada had become a minority, they nevertheless remained about 45 per cent of the total population. Confederation with the Maritimes and the prospect of an Ontario-settled west could only promise to submerge the French-Canadians even further, demographically speaking. Underhill notes, "As long as the

French bloc remained fairly solid, government could not be carried on without their consent. By the 1860s, it was the English-Canadians of Upper Canada who were complaining of French-Canadian domination" (1970: 7).

Who then were the real potential gainers from Confederation and who therefore supported Confederation most ardently? Underhill says, "The section of British America that had everything to gain and nothing to lose by union was Upper Canada" (1970:4). George Brown's newspaper, the Toronto Globe, preached the advantages of Confederation and the possibility of westward expansion onto the Prairies. When Manitoba was admitted as a province in 1871, its indigenous population of Metis, Indians, trappers and hunters were quickly submerged by a rapid migration from Ontario.

What can we say about Confederation then? Simply that it was created by a Canadian capitalist class but one that was based essentially on trade, finance, and transportation. As R.T. Naylor says, "Canadian confederation and the subsequent national policy are an unambiguous example of British mercantilism in action" (1972:14). In other words, Confederation was created to allow for the development of a country based upon the extraction of staples. Many of the characteristics of Canadian society are allied to this central fact. Even the National Policy of a high tariff instituted by Macdonald in 1879 was not the work of industrialists to protect their infant manufacturing firms. The result of the tariff was to stimulate the incoming of American branchplants and this was advantageous to the Canadian mercantile-politicians who were dismayed at the loss of population through migration to the United States. Moreover, the invasion of Canada by branchplants was hardly desirable to native Canadian industry, especially since multinational corporations tend to be larger and therefore more credit-worthy than native companies. A study of this phenomenon has been made by A.G. Frank in respect to Brazil, where he points out that multinationals rely on the banking institutions of the 'host' country for their capital and thus do not bring in 'new' capital (Frank, 1964:287-288).

Naylor has pointed out that the policies established by the government after Confederation fitted into this pattern of suiting the financial-merchant interests:

> Clearly, it was not industrialists who initiated this policy but the merchant-capitalist class. The merchant, the banker, the railway and shipping tycoon, and the landholder all benefit from the absolute expansion of economic activity, while in the long run the local industrial entrepreneur loses. The dominance of merchant capital means the draining off of funds into mercantile pursuits and away from industry. Together with the tariff, the result is the stultification of industrial capital. In previously open sectors where no domestic industry existed, the future potential of the local industrialist is reduced by the establishment of foreign branch plants. In cases where domestic industry does coexist with imports, the tariff-induced branch plants increase competition and reduce the prices at which the merchant class can purchase output for their intermediary activity. In other cases, the tariff leads to rapid cartelization. Canadian manufacturers were certainly eager for 'protection', but not of the sort the National Policy gave them..... The real winner was the mercantile sector of the Canadian bourgeoisie working through the Tory party (Naylor, 1972:20).

Additional evidence that the merchant-financial segment of the capitalist class were the leading group in the creation of Confederation and its aftermath is provided by T.W. Acheson's article "The Social Origins of the Canadian Industrial Elite, 1880-1885". This article, very empirical in nature, shows that the Canadian "industrial elite" was still recruited from a very low social background and by a number of objective and subjective measures the members of this elite were still at the bottom of the business ladder. Acheson summarizes these conclusions:

> Although they were prosperous and productive members of their communities, few Canadian manufacturers of the 1880s could have been described as wealthy by comparison with other Canadian businessmen. In a survey of Canadian wealth conducted in 1892, the Canadian Journal of Commerce gave pride of place to the transportation entrepreneurs whose personal resources frequently exceeded several millions of dollars. The remaining Canadian millionaires were all 'merchant princes' — wholesalers and shippers. In addition, it estimated that a number of businessmen of whom several were probably manufacturers, commanded resources of between $500,000 and $1,000,000....leading merchants easily outdistanced leading manufacturers in the scale of their resources (Acheson, 1972:164-165).

In reference to the inferior position of the industrialist among the business class, Acheson also points out that as late as the 1890s industrialists held to theories which pictured themselves as exploited vis-a-vis the other and bigger 'interests' in society. Acheson notes that since many of the industrial elite had climbed the social mobility ladder from the rung of the crafts and the skilled trades, they often portrayed themselves as "producers" along with their "hands" as against the financial and professional classes:

> The concept held by many Ontario manufacturers of their status and role in society was reflected in the ease and frequency with which the editor of the Canadian Manufacturer fulminated against the 'rich' and their privileged institutions, the universities and other professions. As late as 1893 the editor was able to postulate a social theory which lumped the manufacturer and the labourer into a common exploited working class.
>
> 'It has become painfully obvious that society is divided into a privileged class and a class who do not only have to bear their own burden, but are outrageously taxed to help support the others..... The colleges are not accessible to the poor man's son, but the poor man is forced to contribute to the

> education of the rich man's son'.
>
> He went on to add that many who became professionals could have made some significant contribution to society had they engaged in a useful occupation such as farming, the crafts, or even manual labour (Acheson, 1972:151).

Hence, Confederation can not be said to have been essentially a creation of manufacturing industry. Manufacturing industry was, and according to many observers, remains secondary in Canadian capitalism to the financial-merchant sectors. A further result of this pattern of "development" is that the population has remained very low. Most staple economies do not encourage the growth of large populations and given its immense size, Canada's population has remained very small even compared to the United States, let alone such countries as Britain or France.

By and large the National Policy did not work under Macdonald's administration for reasons not totally in his control. The American west was settled after the Civil War and appeared a more desirable location for many migrants, including those from Britain. At this time and at least until the development of American imperialism at the end of the century, the United States was looked to by many Europeans as the most democratic and open society in the world. Canada suffered not only the geographical disadvantage of a more northern climate but the reputation of a more hierarchical, closed, bureaucratic, and authoritarian society. S. D. Clark has called the Canadian model one of a "closed economic-political-ecclesiastical system". He also adds, "The Canadian middle class man was a bureaucratic man" (Clark, 1971:227). The proximity of a more "open" society based on a more unfettered adherence to "contest mobility" led to ambitious, "enterprising" Canadians migrating in large numbers to the United States as well as the diversion of European migration to the United

States rather than to Canada (see Clark, 1971:238-239).

Forces finally did begin to work in Canada's favour, however, and Macdonald's western vision was fulfilled under Laurier. The settlement of the Prairies took place from 1896 to 1914 and wheat almost immediately became crucial to the Canadian economy — here was the newest in a long line of staples. As Easterbrook and Aitken point out, wheat exports amounted to $311 millions by 1921 and amounted to in excess of 25 per cent of total exports. Wheat had become the country's single most important staple export (1970:482).

THE FIRST WORLD WAR AND ITS IMPORTANCE

Although Confederation had somewhat altered the pattern of Canadian dependence on Britain, nevertheless Canada remained a margin to the imperial centre until about the time of World War I. World War I effectively crushed Britain's place as the economic leader of the world. Britain was already losing its formerly preeminent place in the world system because of the growth of rival imperialisms. With the chief imperial countries fighting amongst themselves, the United States was able to take over first place in the world economy.

The importance in percentage terms of British investment in Canada had been highest in 1867 when it composed 93 per cent of all foreign capital in Canada. At this time American investment accounted for only 7.5 per cent of all foreign investment in Canada. With the increasing entry of the United States into the Canadian economy occasioned by the rise of the American nation to industrial-capitalist maturity after the Civil War and as a result of the protective tariff which encouraged branch plants, the American percentage of the total of all foreign investment in Canada started to rise. However, just before the Ist World War British capital still amounted to 73 per cent of all foreign capital invested in Canada while the comparable American figure was a distant second with 21.5 per cent (data from Levitt, 1971:66).

The war changed this pattern of economic relations. Within 13 years, by 1926, the United States had overtaken Britain as the major supplier of foreign investment in Canada. In that year the Americans supplied 53 per cent of all foreign investment in Canada, while Britain contributed 44 per cent. The Second World War and its aftermath also featured a similar result on British investment in Canada. As late as 1939 Britain contributed 36 per cent of all foreign investment in Canada but by 1946 this had fallen to 23 per cent. While British capital continued to rise after World War II in absolute terms, it trailed in relative terms. British capital in Canada grew from $1,668 millions in 1946 to just under $3,500 millions in 1965. However the British share of foreign investment in Canada had fallen from 23 per cent to 12 per cent.

Thus the effect of two world wars was to destroy Britain as an Imperial power. Surely it was not by accident that as Britain's economic influence in Canada fell, so too did its political influence decline. Canadian troops had rallied to Britain's side in the Anglo-Boer War of 1899-1902 much against French Canada's will. When Britain declared war in 1914 Canada was automatically at war as well. Even Canada's declaration of war in 1939 was heavily influenced by the older imperial connection. However, as British economic involvement declined, so did Canada's degree of closeness to British foreign policy. In World War II we made our own declaration of war in distinction to our automatic involvement in 1914. Finally in 1956, when there was no longer a doubt of a change of our metropolis, the Canadian government opposed British actions in the Suez (see Creighton, 1971:296-300).

There has been one other change relative to foreign investment that has been related to Canada's change of metropolis. British investment was mainly in what is called portfolio form. Portfolio is not a controlling form of investment. Levitt makes clear the distinction between portfolio and direct investment:

> The instrument by which the Canadian economy has been recolonized since the days of Sir John A. Macdonald and Sir Wilfred Laurier is that of direct investment — more specifically U.S. direct investment. The distinction between the import of foreign capital by the sale of bonds or debentures or non-controlling equity stock, and the intake of direct investment in the form of subsidiaries and branch plants controlled by externally-based parent corporations is crucial. In the former case control remains with the borrower; in the latter it rests unequivocally with the lender. Liabilities incurred by debt borrowing can be liquidated by the repayment of the loan. Direct investment creates a liability which is, in most cases, permanent (Levitt, 1970: 59).

Until the 1960s British investment was mainly of the portfolio variety as can be seen in the fact that in 1913 when British investment was still predominant in Canada, only 7 per cent was direct investment. In 1939 when British investment composed 36 per cent of the total, direct investment accounted for only 17 per cent. But as American investment increased as the major foreign investor in Canada, the percentage of direct investment compared to portfolio investment has also increased until, in the 1950s, direct investment overtook portfolio investment in importance. In 1867 direct investment composed only 7.5 per cent of the total; in 1913 20 per cent of the total, in 1946 39 per cent of the total, and by 1960, 58 per cent of all foreign investment in Canada.

As British influence has declined in Canada, our share of trade with the United States has tended to rise. Before the Ist World War, Canada's exports to Britain exceeded in value those to the United States. This situation changed as a result of the war and its aftermath. Lines of trade started to shift from east-west, the old basis for "the commercial empire of the St. Lawrence", to a north-south direction, as had been predicted by Goldwin Smith. Creighton notes that for the first time, in 1920, the total value of exports to the United States exceeded in value those to Britain. "For the next five years, the two markets, British and American, were almost equally valuable to Canadian exporters; but after 1925, total export values began to show, with increasing emphasis, the evidently superior attractions of trade to the Republic" (Creighton, 1970:181). By 1958 60 per cent of Canadian exports were sent to the United States and 70 per cent of imports were brought from that country (Creighton, 1970:285).

There are many indicators which show the standing of American investment in Canada and which point to Canada's situation as a hinterland to the American metropolis. One of the most important of these is the percentage of American direct investment in Canada as a percentage of American direct investment in the world. Canada is the "host" country for no less than 31 per cent of all American direct investment in the world. Thus from the crucially important table published by Clement (1975:111) one can see that Canada is the single most important region (let alone country) for American direct investment.

One often associates Latin America as a key receptacle for American direct investment. Yet that entire region received only 17 per cent of American direct investment in 1967, all of Europe received 30 per cent of American direct investment, and all other areas received 22 per cent of such investment. The Canadian figure in percentage terms has been very high at least since the turn of the century. In 1897 Canada was the recipient of 25.3 per cent of all American direct investment; this figure declined to 20 per cent in 1924, but by 1958 had risen to 32 per cent of total American direct investment. Since then the figure has remained at about the 31 per cent mark (see Levitt, 1970:161). American direct investment in Latin America as a percentage of the total, peaked in 1924 at 52 per cent but in percentage terms has declined ever since to its 1967 figure of 17 per cent.

Correlated with Canada's change of metropolis has been our alliance with American foreign policy. As far back as 1954 Donald Creighton had noticed this change in metropoles. In a talk broadcast on the C.B.C., Creighton said, "In a past now growing remote, we used to look up trustingly to Great Britain for leadership in world affairs. But shortly after the War of 1914-1918 — in a shift that was, to a considerable extent, the personal accomplishment of Mr. Mackenzie King — we began to transfer our intellectual subservience to the United States" (Creighton, 1972:243). A more materialist reading of this period of our history would not concentrate on a "great man" explanation but would also point to the effects of the war in reducing British power and in encouraging that of the United States (see Davis, 1960:340 or Horowitz, 1971:infra).

Creighton's essay is, however, an important piece of work since the close correlation of Canadian foreign policy to that of the United States was clearly noted. Creighton recognized that Canada had succumbed to the American ideology of the cold war and he voiced this warning: "the notion that the West has a single ideology is quite simply false, in any absolute and unqualified sense; and it is dangerous for Canadians to permit themselves to be deluded into believing that it is true" (Creighton, 1954-1972:246). Creighton advocated a policy of neutrality and independence totally out of sympathy with Canadian foreign policy which had been integrated with that of the United States since 1939. He condemned American intervention into such countries as Guatemala and concluded: "The form of government and social organization which other countries adopt is their business and not ours. Dreams of great crusades for the extermination of Communists and the liberation of their dupes are nightmares from which we must pray for deliverance" (1954-1972:249).

Canadian foreign policy had become so integrated with that of the United States, and the cold war ideology was so strong that Creighton was snubbed by two future Prime Ministers. Lester Pearson, one of the architects of Canada's foreign policy once refused to speak to Creighton while they were on the same elevator (1972:5). As for John Diefenbaker, he presided at the Couchiching Conference at which Creighton first delivered the above essay before it was delivered over the C.B.C. After Creighton had finished, Diefenbaker "took the occasion to announce publicly that he completely dissociated himself from my strange opinions" (1972:9).

CANADA AND FINANCE

Despite those characteristics which show Canada to be a hinterland linked to other metropoles, it cannot be denied that Canada is a strong capitalist country and has its own imperialist ventures in other countries. There are for example at least 241 branches of Canadian banks in the Caribbean shared among the Canadian Imperial Bank of Commerce, the Royal Bank, and the Bank of Nova Scotia (Newman, 1975:114). The assets of the top six Canadian banks are in the 85 billions dollar range (Newman, 1975:404), and Canada's biggest bank, the Royal, is fourth largest on the North American continent, trailing only the Bank of America, the First National City and the Chase Manhattan (Newman, 1975:95).

Canada's strength as a capitalist country has always been in the banking-mercantile sector, and although Canada does have an important manufacturing sector, it is still banking around which Canadian capitalism centres. While manufacturing is not protected by government legislation, banking is and when First National City Bank took over Mercantile Bank of Canada, a small operation owned by a Dutch firm, the government became involved in a crisis. Obviously, Canadian bankers did not fear the tiny operations of Mercantile which was the smallest Canadian bank until the establishment of the Bank of British Columbia and Unity Bank in recent years. Canadian bankers feared the growth potential of Mercantile if backed by First National City Bank, then headed by a member of the Rockefeller family.

A number of observers have pointed out the crucial nature of the financial institutions in the Canadian capitalist system. Naylor has pointed out that Canadian imperialist ventures are essentially linked to finance. "Where Canadian investment abroad is of major import, it is in the financial sector and in transportation and public utilities, precisely those sectors which in Canada are least subject to foreign control" (Naylor, 1975:6). According to Naylor this importance of finance in Canadian capitalism can be explained by Canada's development as a staple export hinterland. He says, "A financial structure geared to aiding and abetting the long distance movement of raw materials grew up to complement the commercial system" (Naylor, 1975:6).

As already quoted earlier, M. Watkins has pointed out that resource and staple hinterlands are regions of super-exploitation and extraction of capital. His thesis has been carefully probed by the American muckraker, Gustavus Myers, who described the process of capital accumulation engendered by the railroads, the Hudson's Bay Company (on this topic see also Hurlich, 1975), the Montreal merchants, reliance on various staples, and seigneurial land-holding systems (Myers, 1914-1972).

The result was a Canadian capitalism which was strong in the financial, transportation and utilities areas but weak in industry. Much of Naylor's recent article is devoted to show that Canadian banks became major financial institutions early in the nineteenth century. Because of their policy of investing in the United States, they were of importance "in American money markets far out of proportion to her size and wealth", and as Naylor adds, this export of indigenous capital helped "in the process to perpetuate Canada's relative underdevelopment" (Naylor, 1975:10).

Clement has also supported the contention that Canadian financial institutions plus utilities and transport lie at the hub of the Canadian capitalist system. He writes, "The strength of Canadian capitalists, today and historically, lies in the finance, transportation and utilities sectors of the economy. This is their 'turf' and where their greatest strength lies both nationally and internationally" (Clement, 1975:32). Peter Newman has also emphasized the importance of our banks and their prestige in the Canadian capitalist system. He writes that "Canadian businessmen aspire to bank boards the way politicians sigh for the Senate, and once appointed seldom surrender the honour until the mandatory retirement age of seventy-five" (Newman, 1975:110). He quotes one important Canadian capitalist, Charles Rathgeb, (the chairman of Comstock International Ltd) as saying, "For a Canadian, becoming a bank director is the summit of one's business career. The banks are very powerful in the sense that no individual in Canada, to my mind, can do much without the support of the chartered banks" (Newman, 1975:110).

As has been noted, the Canadian banks are in an advanced stage of oligopoly. The head offices of the leading banks are all in Toronto and Montreal and there have been hinterland movements of opposition to the banks. This strain of protest was clear in the original Social Credit movement (see Macpherson, 1953:97). Recently the two small banks have been set up to cater to "hinterland" elements: the Bank of British Columbia was set up to serve the Canadian west which has thought of itself as a hinterland at least since the days of the Metis; the Unity Bank of Canada was recently set up to service small ethnic elements poorly provided for by an oligopolistic Anglo establishment (for a description of Unity's founding philosophy, and its failure to date to carry out its mandate, see W. Stewart, October 6, 1975). There are also two small French-Canadian banks, Banque Canadienne Nationale and La Banque Provinciale du Canada. However the gap between the dominant metropolis banks and the smaller "hinterland" banks is especially sharp. The metropolis banks, six in number, hold 90 per cent of all banking assets in Canada while the five smaller banks (not including Unity Bank which was not listed because of its recent incorporation) held only 10 per cent of total banking assets (Clement, 1975:400).

The importance of the financial sector to Canadian capitalism has been pointed out in some detail since a debate has been raging between certain Marxist-Leninist groups and theorists who label Canada as a "colony" as against certain Trotskyist groups and theorists who consider Canada to be a mature advanced capitalist country. From the Trotskyist position the debate has been analyzed by Moore and Wells in their book Imperialism and the National Question in Canada (1975). The most adequate reply to date has been Jack Scott's article in Canadian Revolution (1975).

The question is without a doubt an important one, but intra-Marxist polemic has not advanced the tone of the debate. Both sides tend to look at very selective statistics to prove their case. From the above discussion it should be evident that Canada cannot be interpreted as a "colony" or Third World country in the normal sense. There is a Canadian bourgeoisie which is centred around the enormous accumulation of capital represented by the Canadian financial sector. As noted there is also strength in the utilities, transport, and staples area. On the other hand Canada is not a fully mature independent capitalist country. Surely the statistic cited earlier showing Canada to be the region with the highest percentage of American direct investment justifies such a conclusion. Canada is a more highly favoured recipient of such direct investment than all of Latin America which is more usually associated with American investment.

The current debate between the Trotskyist groups and the Marxist-Leninist groups is reminiscent of a debate which was carried on between political economists Innis and Mackintosh during the zenith of Canadian political economy. Mackintosh believed that pioneer dependence on staple extraction would provide the capital and impetus to lead to the development of a mature autonomous capitalist nation. Innis believed that "The trade in staples characterizes an economically weak country" (see Daniel Drache's paper, "Rediscovering Canadian Political Economy", 1975, presented at the Learned Society Meetings held at Edmonton).

From the previous discussion we conclude that Canada is not a colony or Third World country, but neither is it a mature, autonomous form of capitalism. Canada can best be understood by interpreting it within the hinterland-metropolis or centre-margin framework. There are networks of such relationships and one must incorporate the relationship of central Canada as a metropolis to the rest of the country, as one must also understand Canada in its relationship as hinterland to the western economic system which has been dominated by the United States. Canada has never been without a metropolis, and because of its dependence on staples Canada has never developed a large population as have true mature capitalist countries. At the same time Canada does contain a true bourgeoisie with enormous amounts of capital at its disposal. However this bourgeoisie finds it in its own interests to accomodate itself to American and other foreign investment in Canada. Even when apparent protective measures are enacted, such as the Foreign Takeover Review Board, the overall picture does not change since the board still allows over 80 per cent of foreign takeovers. Moreover when the financial system is attacked by outside interests, the Canadian bourgeois class acts with a good deal of greater concern (on this point see Clement, 1975:32).

CONCLUSION

In this chapter we have seen that the development of Canada can best be interpreted as responding and reacting to a series of metropolis-hinterland relationships. There are always strains within the ruling classes and their elites. There have been strains within the ruling classes over the issue of greater or lesser dependence on foreign metropolises. In the 1960s Walter Gordon, then Minister of Finance, wanted a more independent capitalist Canada. Gordon had been a close friend of Prime Minister Pearson, indeed had been responsible for setting up a fund for Pearson when the latter entered politics. Yet the two men split fundamentally over this question (for an excellent summation of Gordon's career, see Smith, 1974:infra). More recently the Cabinet has been split over the Time and Reader's Digest affair.

Another strain in the past was the division within the ruling class and its elites as to whether Canada should orient more towards the United States as a metropolis (the Liberal party's position) or towards Britain as a metropolis (the Conservative party's position). One does not change one's metropolis as one does a coat. Moreover historical trends are often not clear, at least in their implications, until they have almost finished. In addition ties of emotion may also enter into feelings about different metropoles. John Diefenbaker was the last Canadian Prime Minister to stress forcefully the Canadian connection with Britain. However by the late 1950s this advocacy was too late to be much more than nostalgia. Emotional attachment to metropoles are essentially superstructural phenomena which do not long outlast the change of material conditions (see Grant, 1965).

Finally, in accepting an analysis of Canada within the metropolis-hinterland model, we must not understand this to mean that the Canadian bourgeoisie acts only under duress. As we saw earlier in reference to the Montreal merchants, the metropolis classes within the hinterland often gain as much by the relationship as does the outside metropolis. Canadian financial institutions gain since multinationals in Canada are usually larger in scale than national companies. Thus multinationals have a greaterlikelihood to be sound investment prospects than Canadian companies. What is being pointed out is the importance of the size of the companies, not the nationality. Banks are more likely to show enthusiasm to invest in General Motors or Ford than in Bricklin Co — that is true whatever the nationality of a company. However multinationals are usually large scale operations and financial interests are not likely to object to their presence in the economy.

The Parks have pointed out that Canadian capitalists must not be seen as "forced" out of a position of autonomy. Rather they see their own best interests as coinciding with their diminished role. The Parks conclude:

> We do not imply that the domination is absolute or that the Canadian government and Canadian tycoons have no freedom of action. They have; but they have chosen to exercise it in a way that puts the national interests of Canada a poor second to their own chance to share as junior partners in enterprises controlled by U.S. monopoly capital; they have accepted as inevitable and more or less desirable the concept of a kind of economic and political integration of Canada and the United States.... (L. and F. Park, 1962-1973:13).

The closeness of the Canadian government elite with American capital is seen in the fact that each Liberal leader since Mackenzie King has had very close connections to American corporate capitalism at some point in their careers, and in each case a major aspect of this involvement came before their ascension to political power.

This observation will be discussed at greater length in the chapter on the Canadian Prime Ministers. However we may summarize these connections briefly. Mackenzie King was very close to the Rockefeller interests in the Ist World War and had offers from the Carnegie interests; Louis St. Laurent was a lawyer who represented American companies buying into the forest extractive industries in Quebec; Lester Pearson was the nephew of a man who was President of one of the United States' most important corporations and was later Director of an American subsidiary; Pierre Trudeau's family fortune was based on a sale of gas stations to Imperial Oil, a subsidiary of Exxon. In addition, his father-in-law is Chairman of a French-owned subsidiary in Canada.

In this chapter an attempt has been made to analyze Canadian society and capitalism, showing the relevance of the Canadian political economy developed during the interlude of the 1920s and 1930s by H. Innis and others. This analysis was forgotten by liberal and conservative scholars, partly as a consequence of the impact of American scholarship on the Canadian university system during the late 1950s and 1960s. The centre-margin staple export approach championed by Innis has been taken up more recently by a school of Marxist scholars who have Marxianized the model. These scholars have pointed out that the central unifying theme of the model is not regionality as such but power as regionalized under the capitalist system of market economy.

This approach — the earlier Canadian tradition of political economy allied to the Marxist development of metropolis-hinterland concepts as elaborated by the Monthly Review school of scholars, has been found to be a better basis for discussing Canadian society than any other historical, economic, or sociological model.

In future chapters we will see the importance of the political economic situation of Canada on the composition, career patterns, and business linkages of Canadian federal politicians. Prime Ministers, their cabinets, and Senators will all reveal (for example in Chapter VIII) the effects of hinterland-metropolis ties on their business connections.

The aim of this chapter has been to present a Marxian account of the development of Canadian society, based upon an analysis of the particular features of political economy which have effected Canada. Relying upon the principles of historical materialism, it was posited that the career patterns of federal politicians would have some close relation to the political economic development of Canada. Firstly, Canada is a capitalist country, secondly Canada is a dependent capitalist country. From the first fact we should predict some significant degree of linkage between the state and economic sectors; from the second fact we predict that Canadian politicians will have associations with foreign multinational corporations.

Once again one sees how the principles of historical materialism are validated. Without an understanding of political economy and of the historical dimension, one's understanding of political and social sectors will be impoverished if not actually erroneous.

NOTES

1 "The prevailing state of backwardness was equated with European feudalism and local bourgeoisies with the rising mercantile and industrial capitalists of the West. To maintain its power, imperialism had allied itself with the feudalists. In this situation it was assumed that the colonial bourgeoisies would take the lead in fighting against both feudalism and imperialism, and that it was the duty of revolutionaries representing the interests of the masses to support them in this two-sided struggle. Victory would be followed by national independence, bourgeois-democratic reforms, and the opening of a new struggle for the proletarian-socialist revolution.

Wherever this theory was acted upon, the result was failure and in some cases disaster. China in the mid-1920s is the most striking example. Chiang Kai-Shek and the Kuomintang, supposedly representing a national bourgeoisie in the fight against feudalism and for independence, proved in practise to be agents and allies of imperialism who turned against their Communist supporters and slaughtered them wholesale." (Sweezy, 1972:177-178).

CHAPTER IV: THE PRIME MINISTERS, SIR ROBERT BORDEN TO PIERRE TRUDEAU

In previous chapters we have discussed theoretical topics of concern both to advanced capitalist societies in general and in relation to the development of Canada specifically. In the first chapter, various pluralist ideas about the nature of the state were analyzed. Several times the empirical studies of pluralists were questioned by such authors as Miliband, Johnson, Mintz, and others. It was shown that patterns of interrecruitment between the state and the business sector have been common in advanced capitalist countries. One of the aims of this thesis is to study empirically the nature of this question in relation to Canada.

Chapters II and III discussed various theories of political economy under the assumption that social structures or institutions must always be understood within the context of particular political economic systems.[1] Models of political economy based on neoclassical and managerial traditions were found wanting.

Instead Chapter III presented the neo-Marxian analysis of the development of Canada. This analysis is crucial to understand the nature of the Canadian government elite. This analysis will certainly be evident in the present chapter where the business ties of several Canadian Prime Ministers will be noted. In the previous chapter we concluded that Canada was a dependent capitalist country. Since its conquest by the French, Canada has always acted as a hinterland to an outside metropolis. This relation has naturally had consequences on the behaviour of the Canadian government elite. To cite an example to be amplified further in this chapter, each of the Liberal Prime Ministers since Mackenzie King has had one or more important linkages with externally-controlled business corporations.

In the chapter at hand it is time to commence our empirical observations on the government elite. We begin with the Prime Ministers from Sir Robert Borden (1911-1920) to the present incumbent, Pierre Trudeau. Given our earlier discussions, it is hypothesized that a high degree of significance in interrecruitment patterns will be found between Prime Ministers and the business sector. All Prime Ministers from Borden to date have been affiliated with either the Canadian Liberal or the Canadian Conservative party. Thus the Canadian government elite has been recruited from people who have basically accepted the economic system in operation. No social democrats have achieved positions in the government elite so that reason for dissociation of the government elite from the economic sector is not present.

During the period under study, the capitalist mode of production did have some periods of relative unpopularity. This was particularly true between 1930-1945 when the Great Depression caused high unemployment rates and great social misery. Consequently various "third parties" arose to provide solutions. The most notable of these was the CCF, a social democratic party not unsimilar to the British and European labour and social democratic parties. The CCF achieved its height of public support in the middle of the war, but declined thereafter. Mackenzie King responded by a few welfare measures, and this with the return of relative prosperity, doomed the further success of the CCF.

The opposition to capitalism caused by the Depression was large enough to prompt R. B. Bennett to announce a Canadian New Deal in 1934. These measures were widely denounced by many businessmen, including Sir Robert Borden, just as the American New Deal was denounced by many businessmen in the United States. It has been a common feature of the Canadian political system that whenever any opposition to capitalism is heard by the government elite, certain social concessions are made. These concessions are often attacked by bourgeois observers as "socialistic". In each case, however, the granting of reforms or concessions does not end the political-economic system of capitalism.

Thus the young Mackenzie King was considered inside his party to be radical, even socialistic; R. B. Bennett's New Deal programme was denounced as socialistic; and Pierre Trudeau is denounced as being socialistic because of his public doubts about the free market system. The attribution of "socialistic" leanings to Canadian Prime Ministers, however, usually says more about the commentator than about the actual ideas of the Prime Ministers. Despite a succession of supposedly "radical" or "socialistic" Prime Ministers, capitalism still remains the Canadian mode of production. No doubt there is a non-antagonistic contradiction[2] between politicians who must, for their own livelihood, make capitalism appear as "popular" as possible, as against actual working capitalists who tend to think in terms of their own immediate interests.

In the following pages the business careers and connections of each Canadian Prime Minister since Borden will be discussed. We wish to show empirically the business affiliations, career patterns, and affiliation networks of the Canadian Prime Ministers.

Borden has been chosen as the starting point of the discussion for several reasons. Firstly, he survived into the 1930's, which represents the beginning years for which data were collected for this study. Secondly, he was the first post-Victorian Prime Minister — using the term Victorian to apply to the period from 1830 to 1914 (as does the academic journal Victorian Studies). It is generally recognized that aspects of Victorianism lingered on until World War I. Thirdly, the effects of that war accentuated the decline of British influence, both economic and political, on Canada. For all these reasons, it seems suitable to begin our investigation with the career of Sir Robert Borden.

The discussion will proceed with capsule biographies of each Prime Minister. This has been done for two reasons. Firstly, so that career patterns may be discerned; secondly, it is believed that without such information the business connections of the Prime Ministers would be absent from any context.

SIR ROBERT BORDEN (1954-1937)

Sir Robert Borden's father was an unsuccessful businessman. In this Sir Robert Borden's background represents that of R. B. Bennett rather than that of Louis St. Laurent. Each of these three Prime Ministers had fathers who were businessmen on a relatively small-scale. Louis St. Laurent's father was successful in business though on a modest level. The fathers of Borden and Bennett both were less successful. In the case of Borden, his father had to leave the business world to become a low-level corporation employee. Andrew Borden, as a result of his failures in entrepreneurial business ended in salaried employment as a train station-master. Sir Robert commented on his father's career:

> My father, Andrew Borden, was born in 1816 and died in his eighty-fifth year. He had a considerable farm, but for some years occupied himself in business affairs at which he did not succeed. He was a man of good ability and excellent judgment, but he lacked energy and had no great aptitude for affairs .... In middle life he entered the service of the Windsor-Anapolis Railway Company as station-master at Grand-Pre; he remained for many years in that service (Borden, I, 1938:4).

Like his fellow Conservative Prime Minister Arthur Meighen, Borden came from a farming background, became a teacher in his teenage years (as also did Bennett), and then entered the law. About farming Borden recounted: "During the summer vacations and at other times my brother and I worked assiduously upon my father's farm, especially during the season when the hay was being cut and garnered" (Borden, I, 1938:7).

At the age of 15, Borden became an assistant master and remained a teacher till the age of 20. The situation of his family was apparently at a low ebb, since Borden wrote: "The condition of the family finances, res augusta domi, was so unsatisfactory that my modest salary was necessary to supplement the family exchequer" (Borden, I, 1938:11).

At age 20, Borden became an articled clerk. In this his experience was similar to R. B. Bennett or Arthur Meighen:

> Like other law students of the day, I worked laboriously in the office from nine a.m. until six p.m., receiving a trifling remuneration for keeping the account books. In the evenings, one occupied oneself in endeavouring to master, as best one could, the mysteries of the Law. There was no law school in Nova Scotia at the time, and none was established until 1882, four years after I had been admitted (Borden, I, 1938:14).

This change from farming and teaching to law was crucial for Borden's future career. At least in this century no person has been Prime Minister who was simply a farmer or teacher. Each Prime Minister has been recruited from a profession where important contacts could be built up, whether as a lawyer (Borden, Bennett, Meighen, St. Laurent) or as a senior servant (King, Pearson) or as a combination of the two (Trudeau).

Borden was also fortunate in joining the firm of Graham, Tupper, and Borden, as a junior member in 1882. This was just the sort of law firm to give Borden the network of contacts he would need to gain prominence. Like R. B. Bennett, Borden joined a firm which contained several lawyers who would gain distinction in the political arena. Besides Borden himself, there was Hibbert Tupper, the son of Sir Charles Tupper. In 1888 the younger Tupper was asked by Macdonald to join his government as Minister of Marine and Fisheries. The elder Tupper was also one of the bulwarks of the Conservative party, was briefly Prime Minister in 1896, and became Leader of the Opposition in the first Laurier years.

As a result of these connections Borden himself was offered the important position of Deputy Minister of Justice by Sir John Thompson, the then Minister of Justice. However, because of the worries of senior partner Graham about the firm, Borden turned down the offer (Borden, I, 1938:21).

Shortly after, though, Graham himself was appointed to the Bench of the Supreme Court and Borden formed his own firm of Borden, Ritchie, Parker, and Chisholm. Borden is rather meagre with details about his early career. This much is clear, however. Through connections gained in the law, Borden had risen from his family origins — a family in decline. In his memoirs, he was able to report: "From 1889 until my entry into public life in 1896 my firm had probably the largest practise in the Maritime Provinces" (Borden, I, 1938:30). John Saywell comments on this important formative period: "By 1896 the poor boy from Grand Pre, Nova Scotia, had pulled himself up the ladder of success to become a wealthy Halifax lawyer, Conservative Party patronage and his well-known ability enabling him to draw $30,000 a year from his firm during the depressed nineties" (Saywell, 1975).

Borden's connections included his former law partner, "my friend", Sir Charles Hibbert Tupper. According to Saywell this connection was crucial in Borden's selection as Conservative party leader: "Accepting a seat from the Conservative establishment in 1896, he was selected by the Tuppers to become party leader after old Sir Charles and the party were routed in the 1900 election" (Saywell, 1975). Another connection through kinship was Sir Frederick Borden, his cousin. Sir Frederick was a cabinet minister under Laurier, and a long-time Member of Parliament. He was also a businessman and has been mentioned by R. T. Naylor as the owner of cold storage warehouses for dairy and animal products which received federal and provincial guarantees (Naylor, 1975, II:239). Thus although Borden's family did not come from the cream of society, he did gain important connections either through the law or through kinship.

By the 1890's Robert Borden maintained the largest legal practise in the Maritimes. He also started to get involved in business and he did so on a large scale.

Like Bennett and St. Laurent, Borden acted as a corporation lawyer. In his case he pleaded for the Nova Scotia Telephone Company, the Bank of Nova Scotia, the Canada Atlantic Steamship Company, and Moirs, to list only a few (Brown, 1975:26).

Like Bennett and St. Laurent, Borden's phase as a corporation lawyer only prefaced his own entry into the business world. He himself became a director of the Bank of Nova Scotia. We have noted several times the importance of membership in financial circles as an indicator of elite status among businessmen themselves. Borden was also a founder of the Crown Life Insurance Comapny, along with his long-time friend and associate, Sir Charles Tupper (Brown, 1975:26). As Brown himself notes, "Borden himself had become a man of comfortable wealth and considerable influence in Halifax" (1975:26). Borden was wealthy enough and sufficiently generous to give financial aid to his brother Will who was a businessman in Kentville. As for his own wealth, Borden "invested his profits in mortgages, property, and a growing portfolio of stocks and bonds" (Brown, 1975:26).

Borden was also prestigeous in his own profession of law and became Vice-President, then President of the Nova Scotia Barristers' Society (Brown, 1975:26). Thus Borden had attained a rank of wealth and prestige both from business and the law.

Borden's political career lasted from 1896, when he was first elected an MP, until his retirement in 1920. For a lengthy period from 1901 to 1911, Borden was the Leader of the Opposition, and from 1911 to 1920, Prime Minister of Canada. In 1920, Borden resigned partly because of his ill health and "my conviction that it would take me a long time to recover fully my health and strength" (Borden, II, 1938:1044). However, as his nephew and long-time President of Brazilian Traction, Henry Borden, put it: "Some months after his retirement from active public life in July, 1920, Sir Robert Borden recovered his health in large measure and from then until his death on June 10th, 1937, led an exceedingly active life" (Borden, I, 1938:v).

After regaining his health, Borden ventured on a business career of the first rank. He did not hold a string of directorships, but the companies he was involved with, and his function with each, was at the senior executive level. In 1928 he became President of Barclay's Bank (Canada) and in 1929, President of Crown Life Insurance Co. In the 1930's Borden also became Chairman of the Canadian Investment Fund Ltd. These posts he held until his death in 1937. Thus Borden became very important in the financial circles of Canadian business. It is also worthy of note that he was affiliated with the British firm, Barclays. This reflects the fact that the Conservative party was more closely allied to the British metropolis, while the Liberals maintained their metropolitan tie to the United States. Borden became first President of the Canadian operation since it "was established in 1929, but it was bought out by the Imperial Bank in 1953" (Clement, 1975: 133). This finding is consistent with our discussion in Chapter III of the importance of metropoles on Canadian society.

Also of significance is the fact that Borden established his business connections with the financial sector. This reflects our earlier discussion of the development of Canadian capitalism and the dominance therein of the financial sector.

Many authorities have noted the importance of families and kinship networks in sustaining the existence of classes. Baltzell, for example, points out, "In the long run, of course, the family is the basic unit of any class" (Baltzell, 1964:349). That is to say, property is transmitted via the family and the capitalist system thus regenerates itself. In the Communist Manifesto Marx and Engels called for the end of inheritance as a major aim of the incipient communist movement (1848-1971:543). The transmission of elite status and upper-class affiliation is a normal process in the stratification system. Thus one can see in most upper class families a clear continuity of generations.

In the case of the Borden family, there is the example of Henry Borden. Henry Borden was very close to his uncle, edited his uncle's memoirs and his Letters to Limbo. In 1918 Sir Robert took his nephew to the Imperial War Conference in London. Aged 16, the young Henry Borden "had greatly desired to enlist for service at the Front". Instead, young Henry "went with me as Assistant Secretary but without remuneration" (Borden, II, 1938: 806).

No doubt the association between Sir Robert and his nephew was particularly close, since Borden and his wife did not have any children. As a result, Henry Borden had his way smoothed into the Canadian corporate elite. For example, as of 1961, Henry Borden was President of Brazilian Traction (a post he held from 1946-1963), and was chairman of two insurance companies. He was also director of many important Canadian corporations including the Canadian Imperial Bank of Commerce, the Canadian Investment Fund Ltd (of which his uncle had been Chairman), Massey-Ferguson, Rio Tinto Mining, IBM Ltd and Bell Telephone.

To this day (1975), Henry Borden remains a major member of the corporate elite. He holds many business positions; more importantly, many of these remain with companies of first rank importance.

To conclude, Sir Robert Borden's career presents certain important factors for consideration. He did not inherit a lofty position, but was upwardly mobile. His mobility was influenced by his sagacious choice of career and partners. His chosen profession of law is one of the most important ways for upwardly mobile members of the lower classes to climb the socioeconomic ladder. Borden was also fortunate in his choice of law partners since it landed him in the centre of an advantageous network of affiliations. Borden's connections and legal reknown gave him the tools to achieve a successful political career. His political success gained him a successful business career of a decade's duration after his retirement and also for a period before his entry to politics. Thus, Borden was a typical example of the lawyer with very major business connections. This is consistent with the general theoretical points of Chapter I. Finally, we have noted the generational transmission of elite and ruling class membership to a close relative.

ARTHUR MEIGHEN (1874-1960)

We have and will see again that several Prime Ministers have had farm backgrounds. However in many cases (Borden, Diefenbaker), this farm background was partial or temporary. In the case of Arthur Meighen, his background was entirely centred around a farm. Meighen's father, Joseph, did not leave his farm until he was 70 (Graham, II, 1963:76-77).

About Joseph Meighen, Meighen's biographer writes:

> Their father's reading was confined mainly to the farm journals which he perused assiduously in order to make himself as proficient as possible in his work and to keep abreast of important documents in agriculture. He was a skillful and progressive dirt farmer but he made no pretence of being anything more (Graham, I, 1960:10).

Meighen's paternal grandfather had been a teacher who had come to St. Mary's Ontario in the late 1830's and who had acquired the family farm. Gordon Meighen had remained a teacher all his life but died prematurely leaving his widow and two children -- a daughter aged 11 and Joseph Meighen aged 13 (Graham, I, 1960:6). Gordon Meighen's early death restricted the range of possibilities for his son, Joseph, since he had to quit school to help in the support of the family. "The untimely death of his father meant that Joseph had to leave school at the age of thirteen in order to help his mother on the farm" (Graham, I, 1960:6).

Arthur Meighen turned out to be a quiet, withdrawn, "introvert" who did well at school. "His two brothers, once they were old enough, seemed to take naturally to farm work. But Arthur was more at home reading, studying, and talking about what he had read and studied" (Graham, I, 1960:9).

In this direction Meighen received support from his family, rather than ridicule. Perhaps the remembrance of the career of Gordon Meighen helped in this regard. "Neither Joseph nor Mary Meighen had much schooling, but both had a very high regard for books and learning. They were determined that, so long as they showed they deserved them, their children should have all the advantages of education which circumstances had denied to them" (Graham, I, 1960:9). Thus, while Arthur Meighen came from a family that was technically not high on the social scale, he was encouraged in his desire for education.

Meighen did well in high school graduating with first class honours in mathematics, Latin and English. Then in the fall of 1892 he entered the University of Toronto to take a course of mathematics (Graham, I, 1960: 17). Here he did well, and was graduated with a first class honours degree in the subject (Graham, I, 1960:19).

Meighen's mother had expected her son to go into teaching. However to her dismay Arthur took a job as a village storekeeper in a general store a few miles from the Meighen homestead. He did not enjoy that job and soon quit it. The next fall he went back to Toronto and qualified as a teacher by taking a course at the Ontario College of Pedagogy.

Meighen was not destined to be a teacher, whatever the wishes of his mother. Graham calls him "the reluctant pedagogue" (I, 1960:24), and his experiences in the profession reinforced his feelings. He thought of the Ontario College of Pedagogy as "a worthless institution". When he did take a teaching position in Haldimand County, Meighen got into a political battle with the chairman of the school board. He had reprimanded the chairman's daughter for misbehaviour in class and had sent her home. This action resulted in a ridiculous tussle between the chairman of the board and his supporters, and the opponents of the chairman who supported Meighen. (For details, see Graham, I, 1960:25-26).

At this juncture Meighen made some very important decisions. As we have pointed out, the way to prominence in Canadian politics has essentially been through the law. Over two-thirds of the Prime Ministers since Confederation have been lawyers or have been trained in the law. No teacher has ever become a Prime Minister. Graham truthfully points out, "The law had an innate interest for him and the practise of it seemed to promise more variety and opportunity than a teacher could ever look forward to" (I, 1960: 27).

However, just before his training in law, Meighen tried to get into business. He bought a half-interest in a patent for a machine designed for cleaning dried fruits. He borrowed six hundred dollars on the strength of his father's credit. However the venture failed: "Unfortunately, the demand on the prairies for a machine to clean dried fruit was, for some unfathomable reason, almost non-existent" (Graham, I, 1960:28).

At the nadir of his fortunes, Meighen took advantage of the opportunity presented by the opening of the west. His career and rise to political fame really begins when he moved to Portage La Prairie, Manitoba, as a law student in 1902. It is likely, given his rather obscure origin, that Meighen aided his career by becoming a lawyer in a small town in a region that was experiencing a boom. Here he was or could become a rather big fish in a small pond. Back east, Meighen might well have remained obscure since there were other lawyers with political ambition who had far better contacts. Luckily for ambitious young men like Meighen, the Parliamentary system is based on the principle of regional representation. Thus one channel of advancement has been for a young professional to move to an obscure but growing area. As Ferns and Ostry said about John King (Mackenzie King's father): "John King was a familiar Canadian type, a young men from the metropolis moving to an area of expected economic growth where he hoped to make his fortune, or at least to establish a respectable place in a new community" (Ferns and Ostry, 1955:12-13). The same could be said of Arthur Meighen.

Meighen's rise in Portage La Prairie was rapid. In 1902 he had moved there as a law student, in 1903 he passed his bar examinations. In 1904 he married Isabel Cox and in 1908 he was elected to Parliament. By 1915 Meighen was raised to Cabinet status and in 1921, on Sir Robert Borden's retirement, he was appointed the leader of the Conservative party and Prime Minister.

His period as Prime Minister was short — for a first term of about a year and a half, and for a few months more in 1926. However, Meighen was a far more important political figure than this would indicate. He was leader of the Conservatives for two different periods (from 1920 to 1926, and during 1940), he was a cabinet minister under R. B. Bennett, a Senator for many years, and the man Mackenzie King most feared as a political opponent.

By and large Meighen's political career was a failure but it was a sensational failure.

Discounting his early failures, one can say that Meighen's business career also began in Portage La Prairie. Real estate speculation had long been a profitable game in the west (Naylor, II, 1975:5). Meighen entered into this sideline. According to Graham: "After moving to Portage La Prairie Meighen had begun to dabble in real estate, then a very saleable commodity, and he had some success with it on a small scale" (Graham, I, 1960:34).

But Meighen's career as a businessman at the top level had to await his first retirement from politics in 1926. Meighen during his years of political prominence from 1915 to 1926 had allied himself with a group of Toronto capitalists who were opposed by the C.P.R.-Bank of Montreal group in Montreal. This was so because Meighen supported the public ownership of what became the C.N.R. The creation of the C.N.R. was vigourously opposed by the C.P.R. and interests allied to it.

Instead Meighen was allied to the Toronto capitalists based around the Canadian Bank of Commerce and the National Trust Company:

> It was felt in Montreal that this Toronto group ... had been instrumental in forcing Borden and his colleagues to

> embark upon the treacherous sea of public ownership by acquiring the Canadian National Railway in 1917, and that that step had been taken to save the Canadian Bank of Commerce from disaster (Graham, 1957:74).

Thus when Meighen retired from politics in 1926 he was attracted by an offer from Toronto:

> The Toronto proposition, which Meighen accepted, came from Watson Evans, President of Canadian General se-curities Limited, an investment banking firm. Almost immediately after resigning as Prime Minister he went to Toronto where he had a long conversation with Evans about the affairs of the company and its future, and in November (1926) he accepted appointment as its vice-president and general counsel (Graham, II, 1963:489).

Once again it is interesting to note that Meighen's initial appointment in business was with the financial sector. This is consistent with our discussion of the importance of the financial sector in Canadian capitalism as discussed in Chapter III.

A former Prime Minister who had been allied to the Toronto business interests, Meighen soon became a top level member of the Canadian corporate capitalist class. This can be seen from the following table which shows Meighen's business connections from the early 1930s through the early 1940s.

TABLE I: THE BUSINESS CONNECTIONS OF ARTHUR MEIGHEN IN THE 1930s AND EARLY 1940s

1 Vice-president and general counsel, Canadian General Securities, 1931
President, 1933, 35, 37, 41, 44
2 President, Dealers Finance Corp Ltd, 1933
3 Director, London and Western Trusts Co, 1931
4 President and managing director, Traders Finance Corp Ltd 1933, 35, 37, 41, 44
5 Chairman, Canadian General Investments Ltd, 1931, 33, 35
President, 1937, 41, 44
6 Chairman, Third Canadian General Investment Trust, 1931, 33, 35, 37, 41, 44

Table I continued ....

TABLE II: CONTINUED

7 Chairman, Fourth Canadian General Investment Trust, 1933, 37, 41
8 Chairman, Second Canadian General Investments, 1931
9 Chairman, Confederation Investments, 1933
10 President, Canadian Insurance Shares, 1941, 44
11 President, Canadian Mineral Equities, 1944

Source: Directory of Directors, Various years

Earlier in this chapter we noted the general transmission of socio-economic status via the family and kinship network. Arthur Meighen's two sons, Maxwell and Theodore, have followed their father into the elite of the capitalist class. Just as with Henry Borden, the Meighen offspring have remained active in the companies of their father. As of 1974, for example, Theodore Meighen was a director of the Third Canadian General Investment Trust, and of Canadian General Investments. As of 1974 Maxwell Meighen was chairman of the Third Canadian General Investment Trust, and Canadian General Investments. Both Meighen children have become major Canadian businessmen; however Maxwell Meighen in particular has entered the top most sector of Canada's top businessmen. This is shown in the following table which lists his positions as of 1974:

TABLE II: BUSINESS CONNECTIONS OF MAXWELL MEIGHEN, 1974

1 Chairman, Canadian General Investments Ltd
2 Chairman, Domtar Ltd
3 Chairman, Third Canadian General Investment Trust Ltd
4 Vice-President, director and member of the executive committee, Argus Corp Ltd
5 Director and member of the executive committee, Dominion Stores
6 Director and member of the executive committee, Algoma Steel
7 Director and member of the executive committee, Hollinger Mines
8 Director and member of the executive committee, Massey-Ferguson
9 Director, Canadian General Electric Co Ltd
10 Director, CFRB Ltd

Table II continued....

TABLE II: CONTINUED

11 Director, Guildhall Insurance
12 Director, Labrador Mining and Exploration
13 Director, Massey-Ferguson (England)
14 Director, The Ravelston Corp
15 Director, Standard Broadcasting Corp Ltd
16 Director, Standard Broadcast Sales
17 member of the Canadian advisory board, Sun Alliance and London Insurance Group

To conclude with out discussion of Arthur Meighen, we find once again that the choice of a legal career was crucial in achieving further political and business success. Teaching or farming would not have provided such avenues. Both Borden and Meighen did not come from ruling class families. Both were upwardly mobile lawyers. In Borden's case, he joined a top-drawer law firm in the regional metropolis. In Meighen's case, he gained prominence by achieving rapid prominence in a newly settled hinterland. Both men entered the financial sector of business at the highest circles. Both enjoyed a first rank business career of some duration — Borden for a decade, Meighen for over three decades. Both men transmitted their position in the Canadian ruling class to close relatives who achieved prominence in business. In the case of the Meighen family, this transmission of membership in the ruling class has entered the third generation. Michael Meighen, a grandson of Arthur Meighen, is currently President of the Progressive Conservative party of Canada.

R.B. BENNETT (1870-1947)

R.B. Bennett was Prime Minister of Canada during the terrible Depression years of 1930 to 1935. Because a federal election was held in 1930, people came to associate depression with Bennett. In historical aftersight this may have been "unfair", since Bennett at least tried remedies while King still cried for retrenchment in government spending to allow business to cure its own ailments. Bennett tried remedies based on the high tariff, but since other countries did the same, little was achieved in Canada.

At the end of his term as Prime Minister, Bennett who perhaps more than any other Prime Minister was publically derided as a capitalist, came out with a series of "New Deal" reforms. These measures, while certainly within the framework of capitalism, were so out of character that many respectable men including Sir Robert Borden, called them "unexpectedly socialistic" (Borden, 1935-1971:162).

As customary with politicians who serve liberal-conservative governments (and the point could be extended to social democrats), Bennett's aim was not to abolish capitalism but to reform it of its evils. Thus Borden described Bennett's aim as "ridding the capitalistic system of certain features which have been successfully exploited by cunning financiers to their enormous advantage" (Borden, 1935-1971:162). Unused to a "radical" Bennett and perhaps distrustful of a millionaire capitalist whose radicalism expressed itself shortly before a federal election, a man associated in the memories of most people with the miseries of the Depression, Bennett's opponent W.L.M. King was swept back into power with only the promises of orthodox finance and conference on his agenda.

R.B. Bennett was born in 1870 and raised in New Brunswick. Among his early acquaintances were Sir James Dunn (proprietor of Algoma Steel) and Max Aitken, later Lord Beaverbrook. Bennett's background was that of a capitalist family in decline. His grandfather had been a prominent shipbuilder at a time when the Maritime region was famous as a centre for shipbuilding. "Among the prominent shipbuilders of Albert County was the grandfather of R.B. Bennett, Nathan M. Bennett, whose shipyard came into prominence in the late 1840s. From 1849 to 1870 eleven ships were built by N.M. Bennett and sons" (Smith, 1968:3).

However, the Bennett family followed the Maritime region into decline when the era of wooden ships passed in favour of iron ships propelled by steam. About R.B. Bennett's father Richard Bennett, Ernest Watkins writes:

> He had inherited the Bennett yard at Hopewell Cape and was in relatively comfortable circumstances at the time of his marriage, and when Richard was born, but when the whole Maritime shipbuilding industry began to decay, he failed to set to work and re-establish the family fortunes by tackling something else (Watkins, 1963:19).

Even so, the Bennett family was one to reckon with in the local society. In a recent paper, J.R.H. Wilbur has described Bennett's family background as follows:

> His more genial father, Henry Bennett, never revived the fortunes of his family's ship-building firm, but in the context of the late 19th century New Brunswick, and in a general way, of Canada, the Bennetts of Albert County were of the social elite, with the acceptable name, religion, andlocal prestige to give their first-born son a start well up the ladder (Wilbur, 1975:2).

The pattern that R.B. Bennett followed until his major opportunity in 1897, was along similar lines of ambitious public men of his day. This is especially true in referring to the careers of Bennett, Sir Robert Borden, and Arthur Meighen. Each became a teacher at a very early age, each then went into law, and in the case of Bennett and Borden, the political and business connections gained in their early legal careers were important contributors to future success.

At the age of 16 Bennett became a teacher, and at age 18 he was already the principal of a small school. By age 20 Bennett had decided on a career in law. He entered the Dalhousie Law School, at the same time acting as a clerk for the firm of L.J. Tweedie. Both of these steps added in a major way to the network of affiliations established by Bennett.

Because of his political aspirations in the Conservative party, Bennett was a supporter of Dean Weldon of the law school. Weldon was a Conservative politician who ran in the federal election of 1891. Donald Smith says that the young Bennett spoke "at four different political meetings" for Weldon. "By his own admission this was Bennett's first election in which he took an active part. Besides speaking at the political meetings, he visited Hillsborough and Hopewell Cape on political business" (Smith, 1968:120).

Bennett's association with Tweedie was also promising since Tweedie was a power in provincial politics. Tweedie acted as Surveyor-General of the Province of New Brunswick from 1890 to 1896 and was Premier in the new century. Until he left Tweedie's law office, one of R.B. Bennett's duties was to operate the firm while the senior partner attended the sessions of the Legislative Assembly (Smith, 1968:141).

Bennett undoubtedly learned much of practical politics as well as law at Tweedie's office. Smith points out, "Besides the law business, no doubt Tweedie's office was the centre of local political patronage" (1968: 145). Bennett was in the thick of the political life in his region:

> There can be little doubt that Bennett devoted all his spare time to the election (Provincial Election of 1895), for his partner, Hon. L.J. Tweedie, was again seeking election on the government ticket (Smith, 1968:160).

By 1895 or 1896, Bennett was a prominent lawyer-politician associated with an even more prominent lawyer-politician. Smith sums up, "By this time, Bennett had become an invaluable member of the local Liberal-Conservative party: (Smith, 1968:167).

Nor did Bennett neglect his own incipient political career. In 1896 he was elected an Alderman of the town of Chatham, New Brunswick. It is worthwhile to point out that one of his own proteges and supporters was the young Max Aitken, later Lord Beaverbrook, who was then a sub-clerk in the offices of Tweedie and Bennett. Aitken helped Bennett "by having a campaign sheet printed for Bennett and by delivering it to the people of Chatham" (Smith, 1968:173).

By 1896, Bennett was obviously prospering and seemed a likely prospect for a successful career in New Brunswick. At this point, Bennett's other main influential contact, Dean Weldon, stepped in and changed the course of Bennett's career. Senator James Lougheed was one of the most prominent lawyer-politicians of the Prairies. Lougheed, grandfather of the present Alberta Premier, found his practise expanding "due mainly to one client, the Canadian Pacific Railway" (Smith, 1968:186).

In the fall of 1896, Lougheed asked Dean Weldon of Dalhousie Law School to suggest the name of a young lawyer who would be willing to accept a junior partnership in his Calgary law office. As we have seen, Bennett and Dean Weldon had had a close relationship when Bennett was a student. It is not surprising then, that Weldon sent Richard Bennett's name to Lougheed, who travelled to Chatham to meet Bennett (Smith, 1968:186).

In analyzing the career pattern of Bennett from the 1890s onward it is worthwhile to note that he carried out his political, business, and legal careers more or less at the same time. This is in contrast with Mackenzie King, whose main connections with the business world took place during World War I; and Arthur Meighen whose main business connections developed after his retirement from the political arena. Thus, 1909-1910, when Bennett was a member of the Alberta Legislature, was also the period when Bennett made his first major business fortune from the consolidation of the Canada Cement Company.

However, even before Bennett got independently involved in business he was a major corporation lawyer. Watkins writes that "Bennett's principal concern professionally was the work of the C.P.R. He was their solicitor and counsel in the west and a Vice-president of their subsidiary irrigation company, and drew a retainer of $10,000". It might be added that he lived in the C.P.R. hotel in Calgary during his entire stay there. A biographer of Lord Beaverbrook, F.A. Mackenzie, includes a calling card of the Lougheed-Bennett firm. This card announced that the firm acted as solicitors for the Bank of Montreal, the Hudson's Bay Co, the Great West Life Assurance Co, the Birbeck Investment Co, and the Ontario Loan and Debenture Co (Mackenzie, 1931:28).

There can be little doubt that Bennett would have become a wealthy and successful man on the basis of his own efforts. But in fact it was his association with Max Aitken (Lord Beaverbrook) and with Jennie Sherriff Eddie that launched him into the league of big wealth. As A.J.P. Taylor, another Beaverbrook biographer puts it: "He [Bennett] left some 10 million pounds, amassed mainly by Aitken's advice and increased by a fortunate legacy from a female admirer (Taylor, 1972:10).

Aitken had been ten years Bennett's junior, the son of a Presbyterian minister in New Brunswick. The first association of Bennett and Aitken was as teacher and schoolboy. Later on Aitken was briefly associated with the Tweedie-Bennett firm. When Bennett moved to Calgary, Aitken expected a promotion in the Tweedie firm but was passed over. Aitken followed Bennett to Calgary but found the study of law did not appeal. He went back to the Maritimes, made a small fortune trading and speculating in the Caribbean region, moved to Montreal in the first years of the decade, and made his first fortune by creating the Canada Cement Company.

As Beaverbrook later recounted it in his biography of Bennett:

> Bennett's first important venture outside of his law practise was launched as early as 1909. He borrowed $100,000, no doubt from his bank in Calgary, and invested the sum, with me, in financing the Canada Cement Company. I cannot recall his share of the profits, but since he took part in the original syndicate, the amount was substantial. With the proceeds of this successful investment Bennett was established as a man of small but real wealth (Beaverbrook, 1959:44-45).

Bennett was also allied with Aitken on several more important ventures. From 1910 to 1920, Bennett was President of the Calgary Power Co. Beaverbrook recounts: "Next year when I organized the Calgary Power Company, Bennett became the President and held office for ten years. When I sold my holdings to Killam, Bennett's shares were included and realised a large profit" (Beaverbrook, 1959:45).

In 1912 Bennett joined Aitken and Nicholas Bawlf of Winnipeg in organizing the Alberta Pacific Grain Company. Watkins describes the company as "an amalgamation of some ninety-four individually owned country grain elevators" (Watkins, 1963:78). A flour mill was also owned by the company. In 1923, the business was sold to Spillers of Great Britain, and "...Bennett's net gain amounted to just short of $1,350,000" (Beaverbrook, 1959:45).

Just before Bennett became leader of the Conservative Party he had become owner of the lucrative E.B. Eddy Match Co. Bennett had first met Jennie Shirreff as a young lawyer in Chatham, New Brunswick. They had been friends although it is dubious whether any romance was involved. Later Jennie married E.B. Eddy, and on his death she inherited the controlling interest in 1906. She remained an admirer of Bennett and arranged for him to sit on the board of directors. On her death in 1921 she left Bennett one third of the common shares. The rest she left to her brother, Joseph Thompson Shirreff. On his death in 1926, Bennett was willed the rest of the common shares by Jennie's brother. As Watkins states: "This inheritance translated Bennett from the ranks of the relatively wealthy to those of the very rich....by 1929 the year of his largest income, his dividend income from the company was $181,000" (Watkins, 1963:93).

Bennett was also involved in other important business ventures. He was a 45 per cent owner of the Calgary Albertan for many years although this was a minority interest. He and Senator Lougheed had wished to obtain control, but control remained in the hands of the editor who retained 54 per cent of the shares. To the annoyance of Bennett and Lougheed, the editor was a staunch Liberal and foiled their plans to turn the Albertan into a Conservative organ. Bennett later became the owner of the Regina Star and retained control until 1939 (Watkins, 1963:77).

In addition, Bennett was a director of several major companies. He sat as a director of the Royal Bank of Canada from 1924 to 1928, and again from 1941 until his death in 1948. According to Watkins, Bennett was also a director of Imperial Oil Ltd (1963:78). He was also President of Royalite Oil, a subsidiary of Imperial Oil (Wilbur, 1975:23).

Bennett was obviously a wealthy man and an important Canadian capitalist. From Watkins it is possible to estimate much of his annual income. Watkins says that "over the years 1919 to 1924 his gross annual income ranged between $60,000 and $75,000..." (Watkins, 1963:91). The following table shows Bennett's total income for selected years:

TABLE III: BENNETT'S TOTAL INCOME FOR SELECTED YEARS

1924	$ 76,000
1928	$150,000
1929	$269,985
1936	$201,578

Source: Watkins, p. 93.

Bennett's income suffered somewhat from the Depression. Yet Watkins reports, "His gross income whilst Prime Minister was never less than $150,000" (Watkins, 1963:93). A final point on Bennett's finances is to note the high percentage of his income due to dividends. In 1928 Bennett received an income of $12,500 from his law firm and $13,327 as an MP and Leader of the Opposition. Thus 83 per cent of Bennett's income that year was not from wages or a salary but from capital gains. Watkins reports that even by World War I, Bennett's business activity "was giving him a substantial income of between $30,000 and $45,000 a year from dividends and bond interest" (Watkins, 1963:78).

Perhaps his career can be completed by stating that after his retirement from politics, Bennett went to England, bought an estate beside that of his old friend Lord Beaverbrook, participated in the war effort, was awarded the title of Viscount in 1941, and died in 1948. There is no doubt that Bennett was the Prime Minister best known for his connections to big business. In addition, he had been a corporation lawyer for several of the largest Canadian corporations. That a man like Bennett was Prime Minister during the Depression did not go unremarked at the time. Bennett was known as a capitalist in the popular press, perhaps because he looked like one — according to certain stereotypes. He was of ample girth, and dressed and spoke in a rather formal manner.

Bennett's career is interesting and noteworthy because it shows him able to carry on three careers at once (business, politics, law). He gained wealth because of luck (the economic climate of Canada before World War I), connections (those made in New Brunswick and as a prominent corporation lawyer) and his own personal qualities. The latter would not have sufficed without the first two. The key to Bennett's rise to corporate wealth was his position in the law. Law was and remains one of the surest ways for a young man from relatively lowly origins to rise in the political and economic sectors.

It is J.R.H. Wilbur's contention that Bennett's rise to political power was dependent on his success as a businessman. According to Wilbur, "By every yardstick Bennett has to be judged a poor politician" (1975:1). Wilbur contends that Bennett was able to survive various political setbacks only because "he had money and business connections". In general Wilbur concludes that "Bennett's career best illustrates the power which the Canadian business community has always wielded over our political institutions" (Wilbur, 1975:1).

These conclusions are in the main, correct. In Canada, the legal, political, and business sectors have overlapped for over a century. This pattern persists into the present day.

MACKENZIE KING 1874-1950

Mackenzie King was a leading figure in Canadian political life for almost half a century, from his entry on the public stage as Deputy Minister of Labour in 1900 at the age of 26, to his entry into politics as Minister of Labour from 1909-1911, and for his periods as Prime Minister between the years 1921 to 1948.

A strong argument can be made to support historian Blair Neatby's point, "Whether for good or ill, today's Canada is partly King's making" (Neatby, 1972:63). King led or misled Canada through the crucial years of the later Depression, through the war years, and for the first several years of the post-war economic boom.

Most of the present writer's empirical data for this thesis comes from the 1930s to the present. This emphasis is not arbitrary if we can accept Neatby's analysis:

> In many ways the decade marks the beginning of modern Canada. The Canadians of that era were grappling almost for the first time with many of the problems which are still with us. A study of the 1930s is an introduction to the Canada of today (Neatby, 1972:1).

Most of King's career was concerned with Canadian public life. At one crucial period of his life, however, before his terms as Prime Minister but after his experience as Deputy Minister and Minister of Labour, King underwent "a long hiatus" as a "highly-paid...economic counsellor, guide, and close friend of John D. Rockefeller, Jr., and as advisor on industrial relations to several of the largest corporations in the United States" (McGregor, 1962:1).

For approximately five years, King was associated both in terms of his work and personal connections with the leading American capitalists, befriended by Andrew Carnegie as well as by John D. Rockefeller, and linked to several key American national and multinational enterprises.

William Lyon Mackenzie King was born in 1874 at Berlin, Ontario, now renamed Kitchener. His father was a leading lawyer of the region. As Ferns and Ostry describe it:

> John King...soon came to occupy a position in the top strata of provincial society....The volume of his legal business was so great that he was obliged to open a branch office in the nearby town of Galt. He lived in a house which bore a name. He kept a carriage. Domestic servants and not just a hired girl attended to the duties of his household (Ferns and Ostry, 1955:12-13).

John King was also active and prominent in local political circles. "He was for some time the president of the North Waterloo Liberal Association ....he was a wideranging speaker on behalf of his party" (Ferns and Ostry, 1955:13).

In 1893, the King family moved to Toronto where John King took up a position as Lecturer at the Osgoode Law School. The move was mixed in its results. On the one hand the King family was less prosperous since King's practise "never became as large or as profitable as the one in Berlin" (Dawson, 1958:22). In fact Dawson says, "From the time he went to Toronto, he was always living on the margin of solvency" and that "The sense of failure was never far away" (Dawson, 1958:23).

On the other hand, Dawson does record that "His experiment at Osgoode Hall was on the whole a very happy one..." (1958:21). John King wrote several learned works on legal subjects, and as a consequence Mackenzie King was brought up in a scholarly atmosphere.

However because John King was an academic at Canada's most prestigious law school, the move brought Mackenzie King favourable results since there were "connections in the provincial metropolis". Ferns and Ostry point this out:

> In the Law School he [John King] had met many of the future political and business personalities of Ontario. One of the most important men in the Liberal Party in Ontario and one of the shrewdest and richest men in the community, W. (later Sir William) Mulock was his friend (1955:13).

One of the more important points of R.W. Johnson's article is that class status was closely correlated with the age of entry into the cabinet. The higher the class background of the politician, the earlier his average age of entry into the cabinet (Johnson, 1973:37-38). One is reminded of the rivalry between Mackenzie King and Arthur Meighen. King came from an upper middle class family (whatever the financial burdens in Toronto) while Meighen came from a rather obscure farm background. At a time when Meighen was still an articled clerk in a law office, King was already the deputy minister of labour. Born the same year, Meighen achieved cabinet rank at age 41; King, at age 35. King's fast rise was partly due to the sponsorship he received from Sir William Mulock, his father's friend. King was appointed deputy minister of labour under Mulock when the latter served in Laurier's cabinet.

King's story until his appointment as Deputy Minister of Labour was a prolonged career in graduate school. He earned a B.A., M.A., and LL.B. degrees from the University of Toronto. He spent one academic year at the University of Chicago where one of his favourite instructors was Thorstein Veblen. King then transferred to Harvard where he earned a second M.A. Before he left in 1899 he had reached the stage of "ABD". He finally earned the degree in 1909 when he submitted a government report he had written on Oriental Immigration to Canada as a substitute for a dissertation. Perhaps because the President of the university, Eliot, was an admirer of King's, this rather unusual request was granted. (Eliot in fact recommended King as the first Dean of the Graduate School of Business Administration (A.L. Burt, 1956:178).

On September 21, 1911, the Laurier government was defeated after 15 years in office. As Dawson notes the three following years "saw Mackenzie King at loose ends" (1958:222). For various reasons, opportunities in business, journalism, and academia all came to very little. Although Laurier assured King that he would like him back in Parliament, the Liberal leader did less in fact than he promised in words. King found himself becoming not much more than a Liberal party hack. He became in succession the President of the General Reform Association of Ontario, then in 1912 took charge of the federal Liberal Information office, and from September 1913 to September 1914 became editor of the Canadian Liberal Monthly. During all this time, says Dawson, "The question of personal finances were never far from his thoughts" (1958:224). Luckily, his long-time friend, admirer, and correspondent, Violet Markham, volunteered to supply him with a salary of 300 pounds a year for three years. Despite this "most heart-warming assistance" (Dawson, 1958:224), King found himself at the most difficult and stagnant period of his career.

Meanwhile, in the United States the workers of the Colorado Fuel and Iron Co had gone on strike as of September 23,1913. The strike was still raging a year later. This strike was particularly bitter and "many lives had been lost in the fighting" (McGregor, 1962:95). The Rockefeller family was the major stockholder of the company. The management had refused to entertain the thought of union recognition (the United Mineworkers), and John D. Rockefeller had concurred with this decision.

For several years the situation in Colorado once again put the spotlight on the Rockefeller family in an unfavourable manner. One biographer who is favourable to the Rockefellers and their relation to King, wrote:

> In any discussion of the strike by the strikers and the press, the Rockefeller family was constantly used as an example of the evil effects of immense wealth coupled with absentee ownership; and other firms at least equally blameworthy, tended to be passed over because of the greater publicity value of the Rockefellers (Dawson, 1958:228).

Moreover this strike by the workers at the Colorado Fuel and Iron Co was no flash in the pan. There had been strikes in southern Colorado in 1883, 1893 and 1903. The conditions were ones which provided no protection for workers. There was no union, and the towns were company towns, with housing and retail services all controlled by the companies.

Adverse publicity came to a peak after the Ludlow Massacre when 13 strikers were killed. As the leading capitalists in the Colorado area, the adverse publicity was especially directed against the Rockefeller interests. The Rockefellers and the management of thecompany at first adhered to a tough line against unions. Speaking before the House Committee on Mines and Mining, John D. Rockefeller blamed the strike on the old bogey of "outside people" who had come into the area to "interfere with employees who are thoroughly satisfied with their labour conditions". Rockefeller went on to defend non-recognition of unions as "a similar principle that the War of the Revolution was carried on" (Ferns and Ostry, 1955:193). In another stage of the proceedings he once again stated his opposition to unions as based on "the best interests of the workers:

> We believe the issue is not a local one in Colorado. It is a national issue whether workers shall be allowed to work under such conditions as they may choose....Our interest in labour is so profound and we believe so sincerely that that interest demands that the camps shall be open camps, that we expect to stand by the officers at any cost.... (Ferns and Ostry, 1955:192).

At this stage it may be necessary to point out that there are two overall interpretations of the interaction between the Rockefellers and King. Only three important sources on King's activities at this stage exist. One, by F. A. McGregor, was written by a long time personal secretary of King until 1925, and a trustee and executor of King's estate. Another was written by an academic, R. Macgregor Dawson, who was entrusted with the King papers by his Literary Executors to write King's biography up until the year 1923. According to Dawson, "They did 'not desire a purely laudatory work, but a truthful account as written by one who is in general sympathy with Mr. King and his work and career'" (Dawson, 1958:viii). Thus, although Dawson was not interfered with, censorship had been indirectly assured through the means of careful preselection.

Both McGregor and Dawson interpret the events as sympathetically as possible both for John D. Rockefeller and for King. King is portrayed as "the workingman's friend" who had grave reservations about entering the employ of a capitalist millionaire. McGregor writes of King's "socialistic impulses" (1962:260). Dawson refers to King's "strongly ingrained dislike for men of great wealth" (1958:231). Despite the fact that King was offered a post as Director of the Industrial Relations Department of the Rockefeller Foundation seven weeks after the Ludlow Massacre and the resultant adverse publicity against the Rockefellers, Dawson insists that the Rockefellers had disinterested motives for the better welfare of humanity and that "the Colorado strike seems to have occupied a relatively minor position" (1958:228). Dawson and McGregor both accept King's view that Rockefeller, Jr. was a fine Christian gentleman who had the welfare of all humanity in mind. Dawson writes that the Ludlow Massacre had left John D. Jr. "greatly shaken" and he points to "Rockefeller's sincere and eager desire to do the right thing" (1958:233).

A rather different and perhaps more reasonable interpretation is provided by Ferns and Ostry. They picture a Rockefeller family who realized that public resentment was growing against them especially after the Ludlow Massacre. The period until the early twenties was a high point in the United States of social and even socialist unrest against capitalism and against "robber-baron" capitalists (on this subject see Davis, 1960). The behaviour of the Rockefellers falls into place as the efforts of besieged capitalists to stave off further discredit and to give up the least possible in order to avoid further public scrutiny:

> The bloodshed at Ludlow compelled the Rockefellers to change, not their objectives, but their tactics. Pickets were posted at the Rockefeller offices on lower Broadway

> and the Rockefeller home in Tarrytown, New York. For many years, the Standard Oil Company had been the object of bitter attacks by disgruntled and frightened members of the middle class. Now a coalition of wage-earners and middle-class elements was forming against the Rockefeller interests which threatened to undo all the effects of years of philanthropy and 'scientific' public relations, and to revive all the old memories of the octupus. What to do? John D. Rockefeller, Jr., and his legal advisor, Starr J. Murphy, were quick with an answer: put out a smoke screen of words and get experts to do the job. These experts were Ivy Lee, the public relations genius of the Pennsylvania Railroad, and Mackenzie King of Canada (Ferns and Ostry, 1955:193).

The right of union recognition was a bitterly contested right won after many decades of struggle by the labour movement; and not generally achieved in the United States until the 1930s. The Rockefeller family was determined not to recognize any real union organized by workers and their representatives. They had made this clear before the Ludlow Massacre. Now they realized that something must be done, but they still refused recognition of the United Mine Workers.

King's appointment by the Rockefellers was not an accident. King was convinced that labour problems were often not caused by economic factors of exploitation, appropriation of surplus value or disregard of worker's lives and welfare. In fact at an initial interview with the Rockefellers and their advisors, King told them of his belief that "purely economic questions were easily adjusted, that it was the personal antagonisms and matters arising out of prejudice and individual antipathies which were the ones which caused the most concern" (McGregor, 1962:96). This was a doctrine that the Rockefellers were disposed to hear.

Thus part of King's solution was to make the younger Rockefeller more "folksy" and less aloof. He was shown talking to workers, visiting the minesite, and at one function, was seen dancing with the miners' wives.

At a more concrete level, King did arrange for a plan which refused recognition of the United Mine Workers. As Ferns and Ostry describe it:

> Discussing the concrete situation in Colorado, Mackenzie King supplied Rockefeller with the plan Rockefeller wanted. To meet Rockefeller's requirements, a plan must achieve three things: 1 avoid recognition and negotiation with the United Mine Workers of America; 2 provide some means of keeping in touch withthe mine workers to replace the system which had obviously broken down and had provoked a public scandal; and 3 restore the public reputation of Rockefeller (1955:198).

The solution which Mackenzie King drafted was a form of company unionism. King's plan, usually referred to as the "Rockefeller Plan", was put into effect at the mine and lasted for some 20 years until the State of Colorado disallowed company unions in the 1930s.

Because of King's success in patching up the Rockefeller family image, and to a lesser extent in pacifying the mines, King became very sought after. Another leading American capitalist, Andrew Carnegie, tried to woo him by offering him the directorship of the Carnegie Corporation:

> As director he would be responsible for the expenditure of the income from this vast trust. It would mean a large measure of control of all the other Carnegie endowments, such as the Carnegie Institute at Pittsburgh, the Carnegie Institution at Washington, the Carnegie Hero Fund, the Carnegie Foundation for the Advancement of Learning, and the Carnegie Peace Foundation (McGregor, 1962:272).

King's salary would have been $25,000 per year (about double the $12,000 he received yearly from the Rockefellers) and in addition he would have had an opportunity to write Carnegie's biography for a sum of $100,000 (McGregor, 1962:273). King turned down these offers, since by this time he was thinking of returning to political life in Canada.

During the year 1918, King diversified his activities and with the support of Rockefeller, Jr., became a travelling labour relations advisor. The following table shows his activity in this capacity. As can be seen, he remained on the Rockefeller payroll to a substantial degree:

TABLE IV: KING'S SERVICES AS INDUSTRIAL RELATIONS RETAINER AND HIS EMOLUMENT, 1918

Rockefeller Interests	$6,000
Great Western Sugar	$5,000
Bethlehem Steel Co	$4,000
General Electric	$3,000
International Harvester	$2,000
Youngstown Sheet and Tube	$1,000
Consolidation Coal Co	$1,000
	$22,000

Source: McGregor, 1962:271

As McGregor comments, "An income of $22,000 for professional services was a substantial one in 1918, undreamed of for him: and it was the return for only part of a year's work: (1962:272).

In the above account we have endeavoured to list the important actions which Mackenzie King entered into with the Rockefeller and other capitalist interests. To analyze King's behaviour from the standpoint of the actor himself would be a formidable task. There is no doubt that King was a complex man. King's biographers differ on this point. McGregor and Dawson take King more or less at his word, writing at voluminous length in his carefully kept diary. It is true that King would occasionally express doubts about his links with the wealthy and the powerful. On the other hand, in his activities he defended Rockefeller and the Rockefeller interests in an almost embarrassing manner. Several times King had to speak before the Congressional Commission on Industrial Relations. Here he testified that "the conscience of young Mr. John D. Rockefeller...will effect social justice in Colorado quicker than any other single force that you could bring to bear..." (Ferns and Ostry, 1955:213). King, in contrast, decried the leaders of the UMW and portrayed them as "actually the hidden enemies of labour, obstructing the efforts of Mr. Rockefeller to uplift and reward the men in Colorado who foolishly went on strike, and, with continuing folly, were to do so again and again" (Ferns and Ostry, 1955:211).

King's association with the Rockefeller enterprises was aided by his friendship with John D. Rockefeller, Jr. who was his exact contemporary. This affection was felt on both sides:

> The liking which Mackenzie King and the young Rockefeller developed for each other was a vital condition in making their relationship successful....the progress of understanding and affection between the two was rapid, and once begun it never faltered. Mackenzie King was soon to regard John D., Jr., as one of his greatest friends; Rockefeller biographer, Raymond B. Fosdick, has stated that King was 'the closest friend' John D. Jr., ever had (Dawson, 1958:231-32).

In his customary way of expressing things in "religious" and "spiritual" language, King felt certain that Rockefeller, Jr., was an instrument of God's will. To his long-time lady friend, Violet Markham, King wrote: "I have found in Mr. John D. Rockefeller, Jr., one of the best of men and most welcome of friends....Whatever his father may have done or is, that man I have found to be almost without exception the truest follower of Christ" (McGregor, 1962:193). In another letter King wrote of the younger Rockefeller, "his one purpose is to serve his fellow men in the spirit of true Christian service..." (Dawson, 1958:233).

Rockefeller did not hesitate to show his friendship in material fashion. In a period of about a year at the end of his career, King received $200,000 dollars from Rockefeller. Of this sum, $100,000 was granted him in 1949 to write his memoirs (McGregor, 1962:14). McGregor points out:

> This grant should not be confused with the personal gift of approximately $100,000 in shares which John D. Rockefeller, Jr., had made to him shortly after his retirement from the office of prime minister, in honour of his seventy-fourth birthday, December 17, 1948 (McGregor, 1962:15).

Social exchange theory is based on the axioms that human interaction will develop on the principle that each side seeks and obtains a benefit from the exchange, and that each side will minimize the costs of such exchange. If the benefits do not count for more than the losses, social exchange will cease (given that each side of the exchange has some freedom to terminate the transactions). In analyzing the interaction between Mackenzie King and Rockefeller it is easy to see that each side clearly benefited from the transaction. Mackenzie King received financial support at a low ebb in his career, and the Rockefeller interests received the benefit of a greatly improved public image that may have saved them from further investigation and discredit.

As we have noted, however, King was a complex man with a strong messianic streak. He could not accept the fact that he was merely a paid public relations man for the Rockefellers. Thus on the one hand he penned doubts about the corporate wealthy in his diary from time to time. On the other hand, he idolized those major capitalists he actually worked for, and thus in a sense, legitimized his position in his own mind. In addition, his book Industry and Humanity, (1918), completed with funding from the Rockefeller Foundation, earned for him an image of a "radical". When King stood for the Liberal leadership in 1919, given the other candidates, he was decidedly to the left, just as happened in the 1968 convention when Trudeau was chosen leader.

In Industry and Humanity, King had argued that labour, management, capital, and "the community" should be allowed independent inputs into the administration of industry. King believed in a process of expanding industrial democracy similar to the extension of liberal-democracy that had evolved in the 700 years since the Magna Charta. Thinking of Britain, King wrote: "Once autocracy was doomed in the political world, its doom was equally sounded for the industrial world" (King, 1919-1927:200).

In his more "radical" moods, King no doubt was clearly more than most capitalists of the day could stomach. He attacked "this monopoly on the part of capital" (1919-1927:196), and pointed out that since each of the four parties to industry contributed something of value, each should have an input in the running of industry:

> Not only are the four parties necessary to industry but they are equally to one another. Capital can do nothing without Labour. Labour can do nothing without Capital. Neither Labour nor Capital can co-operate effectively in industry, save under the guiding genius of Management; and Management, however great its genius, can do nothing apart from the opportunities and privileges the Community affords. If all 4 parties are necessary to industry, and equally necessary to each other, then, surely, all 4 should have some voice in the control of industry, and in the conditions under which their services to industry are rendered (King, 1919-1927:194).

Of course, King granted each of the four parties an essential legitimacy in that each played a part in industrial development. King did not conceive of capitalism as a means for certain classes to develop capital surpluses by appropriating the labour of other classes who do not own the means of production. Instead, King thought of industry as a means for producing goods and services: "Industry must be thought of, as in reality it is, as being in the nature of social service" (King, 1919-1927:220).

Thus at the same time King would have appeared as a non-socialist radical to the capitalist community since he did advocate that they might have to give up some of their monopoly control. In addition, he recognized that "the voice of a grief-stricken humanity [is] crying for justice in the relations of industry" and that "the sword is not the instrument, and repression not the method, to stay this unrest" (King, 1919-1927:192). At this time, in 1919, just after the Bolshevik revolution in Russia, many capitalists were quite willing to use the sword to deny battles for justice by workers in industry.

Instead of the sword, King advocated the use of conferences, investigation, collective action, and representation. All of these methods King had used as Deputy Minister and Minister of Labour.

Perhaps the most interesting question to ask about King was to what degree he saw himself as implementing the beginning of such industrial democracy by his development of the Rockefeller Plan, and to what extent he recognized his status as a functionary in saving the Rockefeller interests from anti-monopoly and socialist attack. King was certainly sensitive to such imputations. When brought up before the Commission on Industrial Relations in 1915, established by the American Congress, this exchange passed between King and the chairman, Democrat Frank Walsh of Missouri:

> Walsh...asked: "What salary do they pay you?" Mackenzie King exploded again, "That is a matter you do not have a right to enquire into" etc., etc. "...I think it is just as well that matters that are private should be kept private....If you think I am the sort of man that is going to be influenced by the salary I receive, if you will say so, I will answer the question." To this Walsh rejoined with the candour of a native American long accustomed to the cash nexus. "I do not know the sort of man you are, but if you ask my opinion I will say that my experience in life, covering a good many years, is that a man who accepts remuneration from another man for work to be done naturally feels very much beholden to that man." "That may be your way; it is not mine," replied the future Prime Minister, too modest to reveal the measure of his temptation (Ferns and Ostry, 1955:205-206).

Nor was this the last time that King accepted substantial sums of money from important businessmen. During the 1920s King accepted an endowment of $250,000 which was collected by a tea magnate and close associate, Peter Larkin (Neatby, 1963:302). It need hardly be pointed out that such a figure would be equivalent today to about $1,000,000. The acceptance of such endowments from friendly businessmen has been a frequent occurrence in Canadian politics. Besides King, St-Laurent, Pearson, Diefenbaker, and Claude Wagner have all accepted such unearned income.

Through these various means and as a result of his own prudent investment, King "By 1929...was a wealthy man" (Neatby, 1963:302). According to Neatby, King had already accumulated "a sizable estate" before his ascension to leadership in 1919. To this sizable estate had been added the Larkin endowment. Neatby adds, "By 1929 his investments, apart from Laurier House and his Kingsmere property, were in the neighbourhood of half a million dollars" (Neatby, 1963:302). King's considerable wealth was never widely known since he kept "a low profile" on the matter. Thus while R.B. Bennett was widely lampooned as the perfect example of a wealthy capitalist, King's considerable wealth was largely unknown or ignored.

From this survey of King's career we see once again the importance of affiliation networks. King was born into an upper middle class family which had substantial contacts with the leading business, legal, and political figures of the day. Because of this network, King was able to obtain a post as a Deputy Minister at the age of twenty-six. At crucial times in his career and right until its end, King accepted large sums of money from people of wealth and from the corporate wealthy — from Violet Markham, from the Rockefellers at two separate times of his career, and from Philip Larkin.

There is no doubt that King would sometimes feel second doubts about accepting such unearned income. However his messianic sense of destiny usually allowed him to accept such donations without extended feelings of guilt. In addition, he idolized his supporters, thus he was able to believe that in accepting money from a Rockefeller he was really accepting the support of a true follower of Christ.

King often professed "progressive" aims but he did little to accomplish them unless forced by political pressure. For example, polls in 1943 showed that the C.C.F. was receiving a plurality of support over both of the older parties. King immediately implemented some social policy, including family allowances. A new book on King's government during the war years by Jack Granatstein, praises King for his accomplishment as a progressive step. Another senior historian, C.P. Stacey, in his review of Granatstein's book, concludes:

> He [Granatstein] comes close to taking King at his own valuation, which was high. He says that King's 'greatest achievement' was his social program - notably, in this period, family allowances - and he accepts the great man's identification of it with Industry and Humanity, the almost unreadable book that King published in 1918. The general idea underlying family allowances - but hardly the thing itself - can be found in this book. Twenty-six years later, under the impulsion of political and economic expediency and needling from the Left, King made family allowances the law of the land. Granatstein clearly feels that this performance rates three cheers. Others may feel that one mild cheer would be ample (Stacey, 1975:17).

In addition, one may ask questions about King's seriousness in his industrial democracy plans. Despite all his writings on the subject, and despite his long tenure of power, almost nothing was done to promote these ideas.

Instead, guided no doubt by his friendly feelings towards the Rockefellers, he promoted the integration of Canada into the American imperium.

Some observers would feel that one mild cheer would not only be ample, but more than ample.

King's life is consistent with the major themes of this work. Before his entry into politics he had worked for major capitalists and major corporations. He had been responsible for delaying the union movement in the United States. Clearly he was valued by American capitalism for his ability to create favourable public images. He accepted very large gifts from capitalists, from the Rockefeller interests and from Peter Larkin.

Recalling Chapter III, King's American linkages are of importance since many observers, especially George Grant, have indicated King as responsible for aiding the American integration of Canada into their economic and military empire. Perhaps it is hardly surprising that King, who had benefitted so much from American monopoly capitalists, was not hostile to penetration of Canada by American business interests.

LOUIS ST-LAURENT, 1882-1974

As we proceed in this analysis of the backgrounds of Canadian Prime Ministers, career similarities continue to be evident. Rather like R.B. Bennett and Sir Robert Borden, Louis St. Laurent was the son of small-scale entrepreneur, although in the St. Laurent case, his family was ascending the social scale rather than declining. Like R.B. Bennett and Sir Robert Borden, St. Laurent became a corporate lawyer and a businessman in his own right before his entry into politics. Like Bennett, Borden, Meighen, St. Laurent passed on his membership in the Canadian ruling class to his offspring (R.B. Bennett and Mackenzie King were confirmed bachelors).

Louis St. Laurent was born in 1882, the son of Jean-Baptiste-Moise St. Laurent. The father was first a storekeeper and then a haberdasher in

Sherbrooke. He also "was able to dabble in property speculation, held mortgages on other lots of land" (Thomson, 1967:22).

Later on the elder St. Laurent became a general merchant at Compton. By and large he prospered there and "was becoming a person of some importance in the area, and his support was solicited for a variety of projects" (Thomson, 1967:33). Backed by his growing success in business, J-B-M St. Laurent got involved in the political life of his area. He was the first secretary-treasurer of the new municipality of Compton. The award of the village postmastership is an important political plum in rural areas. St. Laurent senior was appointed postmaster shortly after the Liberals assumed office at Ottawa in 1896 (Thomson, 1967:43). St. Laurent's father also contested the provincial riding of Compton in 1894 and 1904 on behalf of the Liberal Party. In both cases the Conservatives retained the seat. In the latter election Louis St. Laurent gained his first political experience in political life by campaigning for his father.

It is clear that Louis St. Laurent came from a family which was rising in the social scale. A prospering merchant, a land speculator, prominent in local politics, and a figure of importance in the local Liberal party — all of these J-B-M St. Laurent had become. Obviously he had become a member of a small town's bourgeoisie.

Louis St. Laurent, after an excellent career at the college classique in Sherbrooke, also did extremely well at Laval University where he took his law course. In fact in 1905 he received his law degree with "the highest rating that could be obtained" (Thomson, 1967:49). He was offered the first Rhodes Scholarship to be granted to a Laval University student, but "he had refused because he was anxious to get on with his legal career" (Thomson, 1967:54). Instead Marius Barbeau was given the scholarship and went on to become one of Canada's most prominent anthropologists.

Unlike R.B. Bennett and W.L.M. King, St. Laurent did not remain a bachelor. He married and his marriage took him upward in the social scale. His wife's father had become a lumber merchant and had "built a large business, with three departments and some twenty employees" (Thomson, 1967: 55). The firm had prospered financially as well as in size, and Jeanne Renault St. Laurent was "a woman accustomed in her own home to a full-time cook, a full-time seamstress, and two or three maids" (Thomson, 1967:57).

From the start the St. Laurents lived in a manner suited for the wealthy. "They also had a maid service from the beginning; Louis was determined to keep his wife in the manner to which she was accustomed" (Thomson, 1967:59). During World War I, Louis St. Laurent became quite ill and doctors feared he might be contracting tuberculosis. He thought of giving up his practise and becoming a farmer near Compton. His wife, used to a life of comparative wealth, would not stand for this prospect. Thomson says "his wife had no desire to exchange her comfortable city home, staffed by two maids and a chauffeur, for a farm house that might not even have running water" (1967:65-66). Instead, St. Laurent "concluded that the only solution was to get well and to continue in his profession" (Thomson, 1967:66).

Like R.B. Bennett, St. Laurent became a partner in a law firm with close connections to politics. His first partner was Antonio Galipeault who became a member of the Quebec Legislature only one month after the two men set up practise. Later on a veteran politician, Senator P-A Choquette, joined the firm.

About a decade after he entered as a member of the bar, St. Laurent became predominantly a corporation lawyer. In fact he became a leading spokesman and representative of American interests which were buying up forest rights. According to Thomson, St. Laurent's biographer, his "big break-through" took place in 1912:

> He had just received some publicity in the local press for winning a damage suit against the Canadian Pacific Railway in a case involving compensation to an injured fireman. At that moment, representatives of the New York World were in the city negotiating the purchase of extensive timber lands in Quebec from the Canadian magnate, D.A. Pennington. When agreement had been reached, the Americans inquired about a lawyer to represent them in drawing up the necessary documents, and to advise them on the Quebec law. When Pennington mentioned that his lawyer was G.G. Stuart, they asked if he wasn't the man who had just lost the case reported in the newspapers. Pennington conceded that he was. "Then we'll take the winner," one of them declared. That was the wedge that opened the door of opportunity wide. As a result of his handling that large deal, others were brought to him; soon he was specializing in corporation law, travelling to the United States to visit his clients, and representing them in Canada. When Stuart died early in World War I, Louis St. Laurent took over many of his clients, including the important pulp and paper company of Sir William Price. He played an active part in founding the Quebec Forest Industries Association, which gave him, incidentally, contacts with all the firms that were members of that organization (Thomson, 1967:62).

St. Laurent was rapidly entering the top ranks of the legal profession in Quebec, both in terms of wealth and prestige. In 1914 he became Professor of Law at Laval University (a part-time position) and in 1915 Laval awarded him an honorary Doctor of Laws degree. "In a sense, the professorship and doctorate marked his ordination into the legal aristocracy of Quebec. In 1917 his acceptance was confirmed when he was invited to become a member of the exclusive Garrison Club" (Thomson, 1967:63). Although not wealthy in the sense of an R.B. Bennett, St. Laurent was also prospering financially. "More important to him, his income was over ten thousand dollars a year" (Thomson, 1967:63).

Until 1941 when he entered politics on the invitation of W.L.M. King, St. Laurent continued to amass prestige and wealth from his practise of law. His biographer records that "By the end of the 1920s his fees for individual cases were frequently in the thousands of dollars" (Thomson, 1967:75). St. Laurent followed the stock market and by 1929 he "had a considerable portfolio of shares". His career as a corporation lawyer continued to grow and he thought of moving to Montreal since "a relatively small commercial centre" like Quebec City did not offer the same potential for a corporation lawyer as Montreal or Toronto..." (Thomson, 1967:75). Because of family and personal considerations St. Laurent remained based in Quebec City. He did arrange to spend one day a week in Montreal as special counsel for a fee of five hundred dollars a day.

In the Stock Market plunge of 1929 St. Laurent lost a good deal of money. Yet, "By the mid thirties he was as busy as ever, and his earnings were climbing once again....By the time the war broke out his earnings were in the fifty-thousand-dollars-a-year bracket, and he was rapidly recouping his losses" (Thomson, 1967:75-76). However when St. Laurent entered politics, he like Mackenzie King, Pearson, and Diefenbaker, accepted an annuity from wealthy friends. This fact is briefly recounted by Jack Pickersgill:

> King had a conversation with St. Laurent in which St. Laurent told him that friends had arranged to relieve him of certain financial obligations and that their action would leave him free to remain in public life ....St. Laurent indicated that, as a result of the actions of his friends, he was not in a position to stay in office (quoted in Charles Lynch's column, 1975).

The 1930s also saw St. Laurent beginning to sit on the boards of directors of corporations. By 1941 he was successful enough to join the board of the Bank of Montreal. The following table lists the extent of his business career from the 1930s through to 1941:

TABLE V: THE BUSINESS CONNECTIONS OF LOUIS ST. LAURENT, 1935-1941

1 President, Les Prevoyants du Canada, 1935,37, 41
2 President, Montcalm Apartments Ltd, 1935, 37
3 Vice-president and director, Grande Alee Apts., 1935
4 President, Blake-Chibougamau Mining Corp, 1937, 41
5 Vice-president and director, Quebec Apts, 1937, 41
6 Director, Administration and Trust Co, 1935, 37, 41
7 Director, Legare Co Ltd, 1941
8 Director, Gatineau Power Co, 1941
9 Director, Wilsil Ltd, 1941
10 Director, Metropolitan Life Insurance Co, 1941
11 Director, Bank of Montreal, 1941

Source: Directory of Directors 1935, 37, 41; also Thomson.

The above table demonstrates that St. Laurent was something more than a mere corporation lawyer who simply pleads in the courts. He was the president of a financial company, the president of a mining corporation, the president of a company involved in real estate, and director of other companies involved in power utilities and finance and investment. He was not simply an outside director as many lawyers become, but an active capitalist. His ascension to the Bank of Montreal, one of the three largest banks in Canada, indicated that he had truly joined the highest spheres of Canadian capitalism and finance.

From 1941 to 1958 St. Laurent was engaged in a political career. Under Mackenzie King he was minister of justice, and with King's support, he became Prime Minister in 1948. It was under St. Laurent that the American invasion of capital, in the form of direct investment, reached its zenith. This actual behaviour of foreign multinational enterprises resulted logically from St. Laurent's attitudes on the subject:

> He did not share the concern of some Canadians that the large inflow of American capital, on which his government's programme of national development depended to a large degree, would transform Canada into an American colony; he was much more concerned about the consequences

> if Canada's resources were left untouched, and the country became an economic backwater. He pointed out that foreign capital tends to generate local capital, and tends itself to become 'nationalized', that is, to remain permanently in the country where it is invested. In addition, he was convinced that a sovereign Parliament backed up by an alert public opinion can always protect a country from outside economic pressures (Thomson, 1967:148).

In Chapter III, we saw that Canada is a dependent capitalist country tied to a succession of metropoles. This metropolis-hinterland tie is not usually a matter of sheer force; significant elements of the hinterland ruling class must favour such a status. As George Grant showed, the Liberal Party welcomed such a metropolis-hinterland relationship with the United States.

After St. Laurent retired from politics, although over 70, he rejoined corporate boardrooms, 10 or so until his death. Table VI shows some of these connections:

TABLE VI: BUSINESS CONNECTIONS OF LOUIS ST. LAURENT
AFTER HIS RETIREMENT FROM POLITICS

1 Chairman, Rothmans of Pall Mall Canada Ltd, 1961-68
2 Chairman, Miron Co Ltd, 1961-68
3 Director, Famous players Canadian Corp Ltd, 1959-1968
4 Director, Rock City Tobacco Ltd, 1960-66
5 Director, Industrial Acceptance Corp Ltd, 1961-68

Source: Directory of Directors, various years.

In addition to the above companies, St. Laurent was also Director of about five companies associated with The Investor's Group. From the above table it can be seen that St. Laurent did not remain a passive director but accepted executive roles.

Earlier we have seen that class systems are based around families, and that transmission of socioeconomic status over the generations is an important function of the family. As capital is accumulated so it must be passed on. Like Arthur Meighen, Louis St. Laurent has transmitted his membership in the business circles of the ruling class on to his son. Renault St. Laurent also became a lawyer and a businessman in the highest circles. The 1965 edition of the Directory of Directors reveals that Renault St. Laurent was connected with the boards of no less than 15 companies:

TABLE VII: BUSINESS CONNECTIONS OF RENAULT ST. LAURENT in 1965

1 Vice-president and director, Commonwealth International Corp
2 Vice-president and director, Canada Fund Co Ltd
3 Director, National Trust Co Ltd
4 Director, Banque Canadienne Nationale
5 Director, The Imperial Life Assurance Co of Canada
6 Director, Canadian National Railway
7 Director, Merit Insurance Co Ltd
8 Director, The British Motor Corporation of Canada Ltd
9 Director, Anglo-Canadian Pulp and Paper Mills
10 Director, Commonwealth International Leverage Fund Ltd
11 Director, International Fertilizers Ltd
12 Director, Rock City Tobacco Ltd
13 Director, Sicard Inc
14 Director, Scott Paper Ltd
15 Director, Gelco Enterprises

Like Henry Borden or Maxwell and Theodore Meighen, Renault St. Laurent sits on at least one board previously occupied by his father.

Like R.B. Bennett, Louis St. Laurent carried on a legal and business career at the same time. Because he was a corporation lawyer like Bennett there was no great barrier to holding the two careers at the same time. In fact the two careers were undoubtedly reinforcing. Unlike Bennett, St. Laurent separated his political career to one specific period, ie 1941-1958. According to his biographer, St. Laurent was too concerned in making money to be bothered with politics until he was age 60. Evven then he considered it a great sacrifice.

Under St. Laurent's tenure of the Prime Ministership there was certainly no talk of changing the dominant mode of production. Not even talk of "socialistic" reforms could be attributed to him. Although portrayed to be less the stereotypical tycoon capitalist which cartoonists created of R.B. Bennett, St. Laurent was no less the corporation lawyer and business executive.

Meanwhile, under his aegis, Canada became more than ever subordinate in a hinterland status with the United States. As with Mackenzie King, St. Laurent's career presaged this attitude. It is hardly surprising that a corporation lawyer whose practise was largely composed of representing American clients, failed to see the dangers of American superordination.

LESTER PEARSON, 1897-1973

Although there are several sources on the career of Lester Pearson, none of them is very detailed and each of them is rather hagiographic. As for Pearson's own memoirs, they are written essentially with a telling eye for anecdote, while important matters are often hurried over. Nevertheless Pearson had several important connections with business.

Lester Pearson was born the son of a Methodist minister in Southern Ontario. This meant that Pearson came from an eminently respectable position in the social scale but one that was not financially well off. As is usual in clerical families, Pearson was encouraged to do well at school. Pearson's brother, Vaughan, recalled, "I often wondered how my father managed to put three boys through college on a minister's salary, but somehow he did. One thing about being a minister's child — you're bound to get a good education" (Beal, 1964:26).

The war years for Pearson were a time of university education at the University of Toronto and then enlistment in the war. Luckily Pearson was injured, and thus was saved from the front lines:

> I got hurt before I got a change to get killed — that's about what it amounts to. Looking back now, there seems to be something that was protecting me. I didn't realize it. I never expected to come back from that war: You got to a point after a few years overseas where you just went on until you were killed. The only think that would save you from being killed was being wounded, and getting out of it (Beal, 1964:29-30).

Ministers may not be wealthy, but not infrequently their background and professional duties give them many contacts. It is worthwhile noting, for example, that Pearson's commission and change of posting was effected because Pearson's father knew the Minister of Militia, Sam Hughes (Thordarson, 1974:9).

Pearson made one important contact at university: he had a room in the residence where Vincent Massey was the Dean of Residence. Massey was a member of the important capitalist family of the Massey-Harris firm. He was also a leading Liberal, and a long-time diplomat before he became Governor-General. Pearson enlisted originally in a cadet company of which Massey was captain. In their diplomatic and political careers over the 40 years after 1928, Pearson and Massey were often to cross paths.

Pearson also made contacts with another future Governor-General, Roland Michener, at Oxford. "Pearson also played tennis with many Canadian friends at Oxford, including one from Alberta, Roland Michener, who was to become Canada's third native-born Governor-General" (Thordarson, 1974:13).

Before Pearson went to Oxford he underwent a short business career. Once again a Liberal Prime Minister is shown to have a personal link to a major American multinational corporation. The Pearson family had an uncle who became the President of Armour and Company, the huge meatpacking corporation. The details of this relationship are scanty but the fact remains that Pearson's uncle was president of one of the largest corporations in the United States. Pearson worked briefly in a subsidiary in Hamilton and then was summoned by his uncle to Chicago. According to Beal, Pearson's uncle, Edson White, had actively encouraged the Pearson boys to enter the firm:

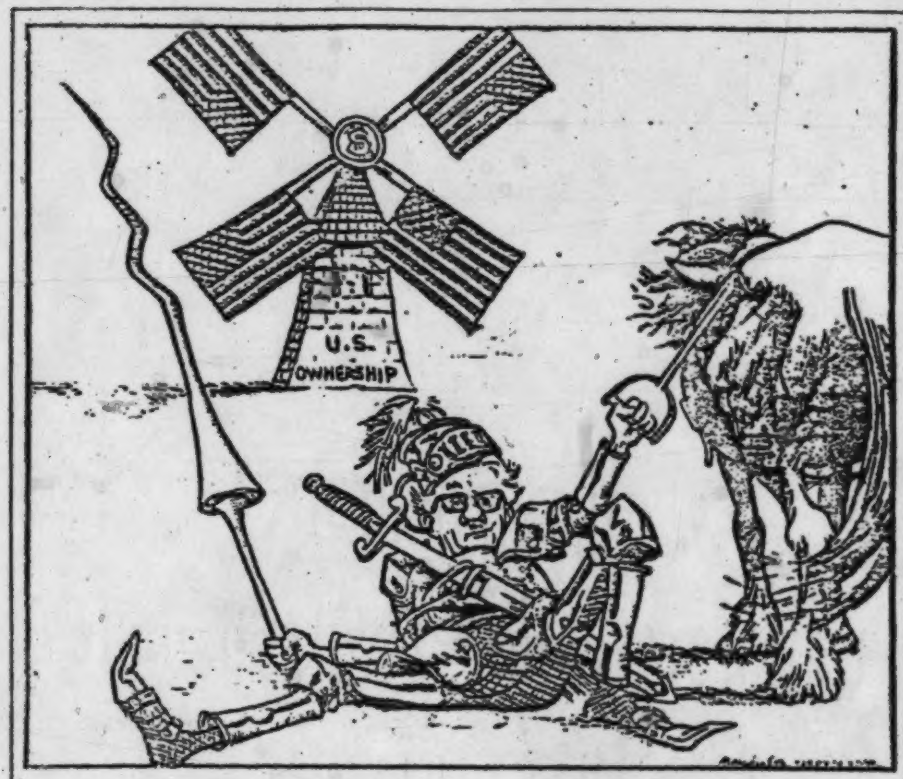
> Mike remembered that while he was overseas he had received a letter from an uncle, Edson White...At a time when the United States was still neutral, White had written Mike and his elder brother, Duke, applauding their willingness to serve their country and telling them he would see to it they had jobs in the meatpacking business when they got back (Beal, 1964:33).

When Pearson did go to Chicago he writes that the Whites "treated me as a member of the family, with a kindness and warmth that made me feel ever after indebted to them. My aunt was truly a second mother to me" (Pearson, I, 1973:39). If Pearson had stayed with the firm there is little doubt but that he would have ended as did his brother Duke who "became an executive of a leather-company subsidiary of Armour and Co" (Beal, 1964:17). However Pearson had other ambitions — to go to Oxford and to become a history instructor. Luckily, Vincent Massey was disbursing his own scholarships, and after an interview with his old don and captain, Pearson received one (Pearson, I, 1973:40).

Pearson's career can now be summarized with some rapidity. He spent two years at Oxford, received a second class degree, was offered a job as Lecturer in the history department at the University of Toronto, and in 1928 sat for the civil service examinations for the new External Affairs department. As Pearson put it, "...I was now first secretary in an 'elite' department of government, as we, and others, may have occasionally been inclined to regard External Affairs and its diplomatic work" (Pearson, I, 1973:58).

Eventually Pearson rose to become the ambassador of Canada to the United States, towards the end of World War II. Just after the war Pearson was offered the presidency of the Rockefeller Foundation. What the circumstances were that led to this offer remain unclear. Pearson does not elaborate on them, just mentions the bare facts (I, 1973:300). From his account of his discussion with Mackenzie King, it would appear that King had not prompted the offer despite his long friendship with Rockefeller, Jr. Instead it would seem that Pearson earned the admiration of the Rockefeller interests as a result of his own diplomatic talents. Of course during his stay in Washington, Pearson achieved a very wide circle of acquaintances. In advice to a successor at Washington, Arnold Heeney, Pearson wrote that Heeney should "maintain good contacts with the administration, spend relatively less time with colleagues in the diplomatic corps, get to know important Senators and Congressmen, cultivate the press, travel and speak as much as possible, and make use of well-chosen lunchs and dinners rather than larger social affairs" (Thordarson, 1974:44-45). Such advice was obviously beneficial in building up an affiliation network. As Pearson noted himself, "I was privileged to meet and talk with the powerful men of the allied world..." (Thordarson, 1974:45).

According to Pearson's account, King advised Pearson to turn down the offer of the Presidency of the Rockefeller Foundation, and to remain in Canada. According to King, St. Laurent would succeed him but only for a few years and that "if I would now enter politics as Minister for External Affairs, I could in all possibility look forward to succeeding Mr. St. Laurent" (Pearson, I, 1973:300). A few months after this talk Pearson accepted King's advise to reject the offer. Given Pearson's apparent favour in the eyes of the Rockefeller interests, it is not surprising that, when



A little wounded but not slain. May, 1969.

"Lester Pearson, although friends with Walter Gordon, did not support him on the issue of foreign ownership."

proposed as Secretary-General of the United Nations, "The Soviets eventually decided that Pearson was too closely allied with the U.S. to be entirely neutral..." (Thordarson, 1974:46).

When Pearson did go into politics, he did it with the support of one of Canada's prominent capitalists, Walter Gordon. Such direct support of politicians by businessmen is not unusual. Mackenzie King received major gifts from Rockefeller, Jr., and Philip Larkin; Claude Wagner received a large settlement before he resigned his judgship to enter politics on the side of the Conservatives. Nevertheless as common as such support is, it does serve to underline the special intimate relationship between the political and business sectors:

> In addition, a long-time friend, Walter Gordon, undertook to raise a sizeable annuity, to be made out in Maryon Pearson's name, so that he would not let financial worries prevent him from seeking office. This privileged treatment greatly reduced the insecurity Pearson felt in leaving the civil service for the uncertain world of politics (Thordarson, 1974:58).

No doubt it did.

For 20 years Pearson was involved in public life as Minister for External Affairs, as Leader of the Opposition, and as Prime Minister. When he retired in the late 1960s, one of Pearson's retirement occupations was to sit as a director of two firms. One of them was Crown Life Insurance Co, a dominant financial corporation co-founded by Sir Robert Borden and Sir Charles Hibbert Tupper (Brown, 1975:26). Pearson was a Director from 1969 to 1972. He was also a Director of an American subsidiary, North American Car (Canada) Ltd, from 1970 to 1972.

In his latter years Pearson also chaired a commission on international development sponsered by the World Bank. The essential "finding" of this report was to encourage Third World countries to accept external capital as much as possible. As the commission's report put it: "...we feel that foreign investment [by foreign corporations] has contributed greatly to the growth of developing countries and can do even more in the future" (Pearson et al, 1970:99).

Given the findings of the Pearson Report (as it became to be known) it is relevant to note that a majority of the commissioners were prominent businessmen. Besides Pearson of Crown Life Insurance, there were Sir Edward Boyle, a Vice-chairman of Penguin Books, Roberto de Oliveira Campos, President of the Banco de Desevolvimento Industrial (from Brazil), Douglas Dillon who was a director of ATT and The Chase Manhattan Bank, and Wilfried Guth, a director of Deutsche Bank AG and "chairman of the supervisory boards of several other companies" (Pearson et al, 1970:396-397). The other three commissioners were academics, but the majority of the commission were prominent businessmen from the First World or from the sub-imperial country of Brazil.

Like Mackenzie King, and unlike Borden, Bennett, Meighen, or St. Laurent, Pearson was a prominent civil servant rather than a lawyer-businessman. However our survey has shown several important linkages with the business sector. Pearson was related to an important American businessman. He himself might have opted for a career with Armour and Co or one of its subsidiaries. As of January 1, 1930 this company had assets of $452.3 million dollars and ranked ahead of Gulf Oil, Swift, United States Rubber and many other prominent multinationals. Pearson's education was financed by Vincent Massey, himself a prominent Canadian capitalist. Pearson was offered the Presidency of the Rockefeller Foundation. He was a company director after his political career. He chaired a commission which recommended further international imperialism as a cause of "development". Pearson was also prominent in moulding Canadian cold war policy, and fully accepted Canada's subordinate policy to the United States. When attention became focussed on the question of American superordination in Canada Pearson quickly dropped his old friend and benefactor, the Canadian national bourgeois spokesman, Walter Gordon. Pearson consistently spoke out against restriction of the American influence in Canada, thus extending the policy of encouragement of American investment in Canada first promoted under Mackenzie King. Like King and St. Laurent, Pearson had close personal connections with American multinational enterprise. This was a result of his family connection to Armour and his acceptance of a directorship on an American subsidiary.

Similar to the other Prime Ministers discussed, Pearson achieved success from a relatively low social background via the means of education and adoption of an occupation that could provide an excellent affiliation network. When reading about Pearson, one is constantly amazed by his contacts. Pearson's very entry into politics was financed by a prominent Canadian businessman, and as with his predecessor, Mackenzie King, Pearson was wooed by the Rockefeller interests.

JOHN DIEFENBAKER, 1896-

Of all the Prime Ministers since Sir Robert Borden, only John Diefenbaker did not have a career connection with big business. In fact because of his populist style and his Canadian nationalism he was reviled by most members of the corporate capitalist class. He also retained his affection for the British metropolis after the Canadian metropolitan classes had changed their allegiance to the United States. The Conservatives had retained a longer sense of linkage to the British metropole than had the Liberals. Diefenbaker represented the last indication of this association. As we saw in Chapter

III and IV, the Liberals soon identified with the American metropole.

George Grant has been the most perceptive critic of the Diefenbaker enigma. Grant emphasizes Diefenbaker's isolation from the metropolis ruling classes time and again: "...Diefenbaker raised the concentrated wrath of the established classes" (Grant, 1970:2). In another passage Grant writes that Diefenbaker's "actions turned the ruling classes into a pack howling for his blood" (1970:2); in yet another passage Grant writes that, "The man had a conception of Canada that threatened the dominant classes" (1970:8).

Perhaps Grant's definition of the ruling class should be given: "The ruling classes are those that control the private governments (that is, the corporations) and those that control the public government which co-ordinates the activities of these corporations" (Grant, 1970:8). Grant recognizes the intimate connection between the state and big business in Canada and that contradictions between the two sectors are non-antagonistic in nature.

It might be thought that Diefenbaker challenges the general theoretical orientations of this work. In point of fact his case does not. Diefenbaker was always a supporter of the capitalist mode of production. He was offered a job as corporation lawyer for a leading car company, which he refused. However Diefenbaker did represent the populist elements in the hinterland who were disgruntled with the centralized monopoly control of the capitalist mode of production in Canada. Such hinterland anti-monopoly movements, often with the support of hinterland businessmen, date back virtually a hundred years. As Naylor comments, "As early as 1883, Manitoba businessmen complained of a financial squeeze imposed upon them at the instigation of central Canadian financial magnates" (Naylor, I, 1975:101). As David Lewis aptly sums up Diefenbaker, "there is no doubt that he was and is a populist, a defender of free enterprise who is ready to speak for the little man in the West against the rich and the powerful — particularly for the little man in the West against the powerful in the East" (Lewis, 1975:8).

Thus on one level Diefenbaker does not represent a rejection of the capitalist mode of production. Rather, he has represented the resentment of hinterland petty bourgeois businessmen against the monopoly centralization based in the metropolis.

In another sense, too, Deifenbaker's case emphasizes the strength of the dominant corporate structure. Diefenbaker was long opposed by the Tory, Bay Street "old guard". Finally, after their boy, George Drew, failed to shake the Liberal foundations, Diefenbaker was allowed a chance. However, his power proved to be fragile, and within his party the animus of the metropolitan ruling class brought about his downfall.

In terms of his family background, Diefenbaker came from the lower-middle class. His father was a teacher who also kept a farm. Peter Newman calls William Diefenbaker "a gentle bookish man" (Newman, 1964:14). The early emphasis on education has been noted for most of the men who became Prime Ministers. Diefenbaker recalls: "In so far as my father was concerned...the most important thing was the availability of worthwhile books, and it was in that atmosphere that I lived" (Newman, 1964:15).

Later on William Diefenbaker moved his family off the farm and into Saskatoon "so that their sons could get a college education" (Newman, 1964:16). His father became a land titles officer. Like Sir Robert Borden and Arthur Meighen, John Diefenbaker experienced farm life as a child. Like Borden and Meighen, Diefenbaker went into the law and became a successful lawyer before his success in politics; unlike them he did not engage in a business career before or after his tenure in office as Prime Minister.

Diefenbaker earned his degrees at the still young University of Saskatchewan. He earned the B.A., M.A., and LL.B. degrees. Diefenbaker opened up a law office in Wakaw, Saskatchewan, near Prince Albert. Later he transferred to Prince Albert itself. Newman records that "His law practise was successful from the start" and that by the mid 1930s, "He was rapidly gaining a reputation as one of the west's leading lawyers, both in criminal and civil cases" (Newman, 1964:18, 21).

Diefenbaker's political career was almost aborted by ill success. He did serve as an alderman earlier on in Prince Albert but he was defeated in the mayorality race of 1933. He was beaten in the federal contests of 1925 and 1926, and in the provincial elections of 1929 and 1938. He did hold the party position of President of the Saskatchewan Conservative Association for 1935. But it was not until 1940 that he won a seat in Parliament. He has remained in Parliament from 1940 to date.

Diefenbaker's one lure from big business was in the early 1950s after he had twice been an unsuccessful candidate for the Conservative leadership (in 1942 and 1948). "In the early 1950s he was offered a well-paid job in the legal department of the Chrysler Corporation of Canada, but he declined to leave public life" (Newman, 1964:11). If he had accepted this job, Diefenbaker's affiliation to his western hinterland might well have been broken. He might have joined the business circles of the metropolis, and his career might have started to parallel that of Borden, Meighen, Bennett, or St. Laurent. His decision to turn down the offer was crucial.

Another indication that Diefenbaker was not opposed by all businessmen, was his acceptance of an annuity. We have seen the frequency of this practice in Canadian political life. "Without his active encouragement, some of his friends later banded together and collected money for the purchase of an annuity for him, so that financial problems would not stand in the way of his remaining in politics" (Newman, 1964:11). The composition of these backers is not recorded. Such annuities have been one means for businessmen to directly support their favourite politicians. It is another indication of the intimate connection between the political and economic sectors.

However Diefenbaker during his political career was not supported by the dominant businessmen and interests which have traditionally backed the party. Traditionally these interests have been centred in Bay Street, the financial circles of Toronto. Diefenbaker was no socialist but he was strongly influenced by the populism so deeply rooted among the Prairie farmers.

Populism is a variety of social thought which accepts capitalism but which places blame for current evils on a small clique of particular businessmen often identified as resident in the metropolis. Small-scale local capitalism is accepted as valid but not large-scale metropolitan business. Charles Taylor explains the concept as follows:

> The populist model can be seen as a kind of hybrid between the liberal and socialist views. It sees society as structured so that its rules provide justice for all - but that there is an adventitious violation of these rules by certain powerful and sinister interests which have, therefore, to be put in their place by the united effort of the people as a whole. Like socialism, populism sees politics as a struggle. But unlike socialism, it sees this struggle as unrelated to the system, as adventitious and as the fruit of the exploitative behavior of small groups, like the 'trusts' or 'the Eastern money interests' (Taylor, 1970:12).

Populists are often small businessmen or people who see themselves as small businessmen — including farmers. Diefenbaker's mature years as a lawyer were all spent in a rural area. The CCF-NDP has often called itself "socialist" but certain observers have pointed out that in the farming regions the support the party received was based on populism rather than socialism.

A.K. Davis has argued that "the C.C.F. in Saskatchewan was populist or petty-bourgeois, never socialist" (Davis, 1973:90). Grant's analysis of the 1957 election fits into this interpretation of him as essentially a populist. Grant writes that the Liberals so much identified

> their branch-plant society with the Kingdom of Heaven that they did not pay sufficient attention to the farmers or the outlying regions. Such regions existed for them as colonies of Montreal and Toronto. The Conservative victory was accomplished by local businessmen who felt excluded from their own country by corporation capitalism (Grant, 1970:11).

The sections of the Conservative party allied to Bay Street never did accept Diefenbaker as their candidate. In 1948 they supported George Drew, a prominent businessman in Ontario after his political career; in 1957 they supported Donald Flemming who has also become a prominent businessman since his retirement from politics. Grant comments: "Diefenbaker only came to leadership because of support from the fringe areas of the country, and because the Toronto group was at the end of its tether after the failure to build a national party under Drew" (1970:10). Of the 1948 election, Newman had written that "No one was left unaware of the fact that the Party depended for its finances on Bay Street and that Drew was the Bay Street candidate" (Newman, 1964:28).

An act which demonstrated Diefenbaker's populist bent is recorded by Newman. "Diefenbaker further enraged the Conservative party's right-wing element in 1953 when in a Toronto speech, he urged that business executives convicted of combining to restrain trade, should be jailed, not just fined..." (1964:26).

Thus Diefenbaker, of all the Prime Ministers under discussion, has had the least intimate connections with business, especially corporate capitalism. This lack of such connections, such knowledge of the business world, and of an affiliation network centred in the metropolis, made Diefenbaker's career a proof of the main points of this thesis. His career was possible only because of a congruence of events: the long tenure in office of the Liberals, their arrogance, the failure of Drew. When Diefenbaker began to falter, his career was ended by his powerful opponents. In his place they put a member of one of Canada's more important capitalist families, the Stanfields of Truro, Nova Scotia. Diefenbaker was "a stranger in power"; his was the exception which proves the general trend. Without the support of the metropolitan ruling class, Diefenbaker could not continue in his early success. Diefenbaker had neither the experience with nor the sympathy to corporate business of other Canadian political leaders.

PIERRE TRUDEAU, 1919-

The career of Pierre Trudeau has been most "colourful" and exciting. Certainly this message was repeated endless times for Canadians between 1967 and 1969. Charles Taylor has ridiculed the sort of hoopla that surrounded Trudeau as the cult of the NYL — the new young leader. Many journalists influenced by the emphasis on youth in the late 1960s, tried to explain their enthusiasm for Trudeau in terms of a youth-age or modern-old dichotomy. Opposed to the New Young Leader and his coterie was always the "old Guard".

However, as Taylor emphasized, the New Young Leader was supposed to find a consensus of the people as a whole. The New Young Leader "must embody the end of ideology" (Taylor, 1970:7). As Taylor pointed out, the fundamental inequalities were not being questioned. The call was not to cast down the mighty from their seats since structurally and socially, the main supporters of the New Young Leader were not of a different class than those politicians of the old guard. "Those who promote the NYL make up the highly successful new elite. Harbron's 'lawyers, professors, businessmen, some of Ottawa's junior bureaucrats' are not at all at odds with the structure of our society" (Taylor, 1970:7).

According to the data Trudeau has not sat on boards of directors and his own career has not been oriented towards business. But his affluence and the time he has had available to dispose as he pleased was the result of a family fortune based largely on the business enterprises of his prematurely deceased father.

Charles Trudeau, Pierre's father, was co-owner of a chain of gas stations on the island of Montreal. Founded in 1927, and growing to a strong of 30 stations, Champlain Oil Products "became one of the biggest chains of service stations on Montreal Island..." (Stuebing, 1968:6).

Associated with the gas stations was the A.O.A. (The Automobile Owner's Association) "which offered road maps, free towing, discounts on oil and grease jobs and gasoline through a growing number of Quebec outlets..." (Harbron, 1968:12). This chain grew to 15,000 members who each paid $10 a year. In 1933 Charles Trudeau and his associates sold their interests to Imperial Oil for a lump sum of $6,000,000 of which Charles received $1,400,000. The chain is still in operation under the name of Champlain Oil.

Trudeau senior was a sports fan and he invested in such amusements as Belmont Park and the Montreal Royals Baseball Club. Trudeau's father also invested substantial sums in the "depressed stock of huge Canadian concerns like Algoma Steel (almost in bankruptcy in the thirties), and Hollinger Mines. Today they are both gilt edge securities" (Harbron, 1968:12).

Trudeau's father was visibly one of the most successful businessmen in the Montreal of the Depression years. He had managed to become a millionaire in the 1930s. Charles Trudeau "belonged to Montreal's posh St Denis Club, the private centre for well-off French Canadian executives and their families..." (Harbron, 1968:12).

Forty years later, the value of the Trudeau estates is uncertain. In 1968 Harbron estimated that the value of the fortune might range from four to seven million dollars (1968:10). Stuebing makes an estimate, for the same year of 1968, of $5,000,000. Both Stuebing and Harbron agree that Pierre has been active in managing the family portfolio (Harbron, 1968:12; Stuebing, 1968:7). Stuebing adds that the Trudeau family still holds an investment in Belmont Park "and at least one apartment house".

Trudeau's career is still well known to most Canadians who take any interest in political journalism. He took a law degree at the University of Montreal, and then advanced study at the London School of Economics, the Sorbonne, and Harvard. He spent much time travelling and globe-trotting including quixotic advantures dressed as an Arab. He spent several years as a civil servant at the Privy Council office in Ottawa. However his dislike for the Duplessis government and its obscurantist politics led him to found Cité Libre. Cité Libre became an influential journal of opinion in Quebec during the 1950s and early 1960s. It advocated the separation of church from state, a better and more scientific educational system, a rejection of the French Canadian rural myth, and an acceptance and participation in the modern corporate capitalist system.

In addition Trudeau also worked occasionally as a labour lawyer and advisor to the Quebec Trade Union movement. One of his friends, Jean Marchand, was a long time general secretary and later president of the CNTU. The

Duplessis government was quite wary of unions, especially ones that disregarded the doctrine of class harmony preached by the chaplains of the CNTU.

Given the hostile attitude to unions of the Duplessis government, Trudeau's attitude of support gained him the reputation of a radical. Like Mackenzie King, this reputation was not accurate. As a former governor of the University of Montreal, Dr. Donatien Marion, said: "Mr. Trudeau obviously was not a Communist; he was just a millionaire who felt that the interests of the workers could be protected better" (Peacock, 1968:137). In 1952 and 1953 Trudeau sought a position at the University of Montreal but his application was vetoed by the then Archbishop of Montreal, Cardinal Leger. He felt that Trudeau should be barred from the university for his "allegedly pro-Communist opinions" (Peacock 1968:137).

There are several interesting comparisons between Trudeau and Mackenzie King. In 1968, comparisons between the two Prime Ministers did not spring to mind; contrasts did. Nevertheless, both men came from the fringes of the upper-middle class, both men were trained in law but did not practise it, both men received extensive academic training (Mackenzie King received a Harvard Ph.D., Trudeau was a Harvard "ABD"). The training of both was essentially in social economics; both men werecivil servants for a time. Both were allied to Rockefeller interests for their personal or family wealth. Each man gained a sort of "radical" image in the Liberal party of their time, and both were bachelors up to the time of their tenure of office.

Before King was Prime Minister, he had thought numerous times of a university career. So had Trudeau, but his appointment had been blocked by the combination of the Union Nationale and the Church. However after the Liberal provincial victory, the boycott against Trudeau was lifted and he was appointed Professor of Law, a position he kept until his entry into politics in 1965. Trudeau had attained some academic fame several years earlier, in 1957, when he had won a governor-general's medal for the best published essay of the year.

During the Liberal leadership race of 1968, the candidate best known for his business connections was Robert Winters, the President of Brazilian Traction. However, Trudeau's own campaign was supported by a group of men who "began holding meetings in the elegant board room of the Power Corporation of Canada" (Peacock, 1968:167). One of the leading members of this group was Claude Frenette, who was a vice-president of the Power Corporation. Later on Frenette became the President of the Quebec Liberal Federation. This was a major factor in Trudeau's campaign victory, since he (Trudeau) was not known as a political chieftain in the province. Trudeau's campaign race also received a tremendous boost when former Brazilian Traction vice-president Mitchell Sharp, gave his support to Trudeau instead of Winters. This was important since Sharp was "a man of substance", and his support showed Liberal party delegates that Trudeau was not simply a dilettante in politics.

Now seven years later Trudeau still enjoys the backing of the Power Corporation. Peter Newman writes about its Chief Executive Officer, "Desmarais is also one of the few members of the business Establishment who unabashedly support Pierre Trudeau, and he lunches with the P.M. at least once a month" (Newman, 1975:58).

A final indication of Trudeau's links with the elite of the business sector of the Canadian ruling class was his marriage to Margaret Sinclair. Margaret Sinclair is the daughter of James Sinclair, whose business connections can be seen in the table below:

TABLE VIII: BUSINESS CONNECTIONS OF JAMES SINCLAIR,
FATHER-IN-LAW OF PIERRE TRUDEAU, 1974

1 Chairman, Lafarge Canada Ltd
2 Vice-president and director, Bank of Montreal
3 Director, Canada Cement Lafarge Ltd
4 Director, Canadian Industries Ltd
5 Director, Alcan Aluminium Ltd
6 Director, Cominco Ltd
7 Director, Sun Life Assurance Co

Each of these companies was in the "dominant category" as listed as Wallace Clement(1975). In other words, Trudeau's father-in-law is a key member of the Canadian ruling class. Once again one sees the kinship ties that bind the ruling class.

Pierre Trudeau has not been a businessman himself. Yet his family fortune stems from the sell-out of the family enterprise to Imperial Oil. Thus another Liberal Prime Minister is linked in a crucial way to American multinational enterprise. Trudeau was supported in his bid for the Liberal leadership by the Power Corporation, and he retains this support to date. Finally, he has married into one of the elite business families in Canada, and thereby the Canadian ruling class. These facts indicate consistency with the general lines of enquiry in this thesis. Trudeau is a fully integrated member of the Canadian ruling class. At one time Trudeau may have been a social democrat; he never was a socialist.

CONCLUSION

We began this chapter with the general hypothesis that links and inter-recruitment patterns between the political and business sectors would be common for the Canadian Prime Ministers. This hypothesis has been sustained. All eight Prime Ministers has had the opportunity of such links. All but one (Diefenbaker) have taken advantage of these opportunities.

Four of the Prime Ministers were actually business executives in a major way (Borden, Bennett, Meighen, St. Laurent). Another, Pearson, was a corporation director. Mackenzie King was a close friend and former retainer of Rockefeller, Jr. Pierre Trudeau's links with business include a father-entrepreneur who became a millionaire during the Depression, and marriage into an elite business family.

Given our earlier discussion of the hinterland-metropolis relationship, it is noteworthy that all four Liberal Prime Ministers had a close link to American multinational enterprise.

In studying the careers of the Canadian Prime Ministers the predominance of a legal background is striking. All Prime Ministers since Sir Robert Borden have been trained in the law except Lester Pearson. Mackenzie King is not usually recorded as a lawyer and did not qualify or practise at the bar. He did, however, receive a legal degree. The two Prime Ministers who did not practise law, King and Pearson, were both senior civil servants. It seems that such professions give a person an affiliation network. The building of an affiliation network is crucial for a prospective politician. We have seen the network established by Robert Borden with the powerful Tupper family, or R.B. Bennett with his contacts obtained through his business and legal eminence. It is largely because of the importance of such affiliaation networks that members of certain occupations do not enter the government elite at this level. One thinks of teachers for example. Business and law both give contacts in key metropolis circles; so does membership in the higher echelons of the mandarin class.

Of the Prime Ministers under study, most came from a middle class or petty bourgeois background — if we define farmers, small businessmen, and professionals as petty bourgeois. No Prime Minister since Borden has come from the very highest ruling class, and none was recruited from the manual working class. Within this predominant petty bourgeois or middle class background we can make certain distinctions. For example, Meighen and Diefenbaker were from the lower middle class, King and Trudeau from the upper middle class. Thus Canadian Prime Ministers have been an upwardly mobile group. The implication to be drawn from this observation is that the ruling class is 'whiggish' in assimilating ambitious persons from the lower classes. This serves to support the ideological hegemony of capitalism in the minds of the general populous. If one person "can do it", voluntaristic action on the part of the lower classes seems possible. However there is a sharp limit to the social mobility possible in the social system. Capitalism "requires" the existence and reproduction of the lower and working classes. Thus "log cabin" Prime Ministers are "exemplars" who help legitimize the capitalist system as one of democratic openness.

Most of the Prime Ministers since Borden have been in a family environment that encouraged study and schoolwork. To use the Lynd's distinction between the "business class" and the "working class", the Prime Ministers have either come from the "business class" or were in families which supported the aspirations of their son to join the "business class". Thus Trudeau, Pearson, Diefenbaker, and King all took graduate work. St. Laurent was offered a Rhodes scholarship and later became a professor of law. Pearson was a university instructor for five years. Arthur Meighen came from a farm family, but his grandfather had been a teacher, and both his parents supported his aspirations for higher education. He did very well in academic work, and received a first-class honours degree in mathematics.

However as mentioned earlier, scholarship in itself does not earn a successful political career. If Borden, Bennett, and Meighen had remained school teachers, the chances are almost certain that they would have remained unknown. In each case the choice of a career leading to the establishment of an affiliation network was crucial.

Thus we see a system in operation characterized by the aristocratic "whig" principle outlined by Baltzell. The ruling class is willing to accept new members through the means of the political elite if they have followed a "proper" career pattern. Eventually ruling class membership may be transmitted through the generations. This is perhaps a crucial sign of membership in the real ruling class. King and Bennett were confirmed bachelors. However Borden, Meighen, St. Laurent have left offspring clearly in the business elite of the Canadian ruling class.

Finally, given our earlier discussion of the importance of finance in Canadian capitalist development, it is worthwhile to note these links. Borden was a director of the Bank of Nova Scotia and President of Barclays Bank; Bennett was a director of the Royal Bank; Meighen was associated with an investment bank and many other financial companies; St. Laurent was a director of the Bank of Montreal; Pearson was a director of a dominant insurance company, Crown Life; Pierre Trudeau's father-in-law is a vice-president of the Bank of Montreal.

We also noted the frequency of annuities raised by businessmen and given to prominent politicians. King, St. Laurent, Pearson, and Diefenbaker all received such annuities, given to save them from "financial embarrassment". Apparently it never struck the recipients that the acceptance of such annuities might tie their hands in some way, or that social democratic and other third party leaders must generally go without.

All the above information serves to support our general hypothesis that the political and business sectors are best pictured as intersecting circles: The two sectors are not dissociated as the pluralist school maintains.

We have by no means exhausted approaches of proving this intimate connection. Another method would be to plot the friendships between prominent businessmen and politicians. Earlier the friendship between Paul Desmarais and Pierre Trudeau was mentioned; almost at random one could point out Pearson's game of rubber bridge with Senator Molson in Jamaica the day that the Liberals went down to defeat in the House of Commons, February 19, 1968. The present chapter has concentrated on formal institutional and interpenetration links and patterns. This represents one fruitful method, but only one of several possible approaches of analysis.

NOTES

1 A contemporary Canadian sociologist, Lawrence F. Felt, has expressed this point as follows: "Sociology cannot abstract social relations from the patterns of economic production and exchange". (in The Canadian Jounral of Sociology 1:3, Fall, 1975, p. 383.)

2 According to Mao's discussion of antagonistic and non-antagonistic contradictions, there is an antagonistic contradiction between exploiters and exploited. Among the non-exploiting sectors of the people, there may be non-antagonistic contradictions. In other words, there may still be friction from time to time, although not of the sort to produce an ultimate crisis of authority. Thus Mao says that although the People's Government is one that serves all the people, non-antagonistic contradictions may remain such as caused by the interests of the individual and of the state, between the leadership and the led, between democracy and centralism, between the bureaucratic lifestyle of government workers and the masses. Mao's distinction serves to alert the reader to the possibility of strain in institutions which fundamentally work to the same end.

In this context we have reversed the meaning of the concepts to indicate that there is a non-antagonistic contradiction between the state and the corporate sector. Both sectors have the key aim of supporting and working within the framework of the capitalist system. There may well be frictions caused from various sources but since the economic base which supports and is supported by both institutions is the same, such contradictions are non-antagonistic.

For a discussion by Mao, see his Four Essays on Philosophy (1937-

1968, Peking, Foreign Languages Press). See pp. 80-81.

3 Such a thesis would investigate the primary group and friendship clique ties between politicians in office and businessmen. Tentative indications observed by the author would suggest that such personal ties would be common. Furthermore it is hypothesized that such ties would be much more frequent and close than similar possible personal ties between politicians and labour or farm leaders. The recently opened "record" of Mackenzie King would provide data for at least one "casestudy".

CHAPTER V: THE CABINET, Part I — Introduction and the Conservative Cabinets

According to some political philosophers, members of the government elite should more or less be similar to the citizens they represent. This school of thought was particularly advanced by the utilitarian school who believed that it was natural for persons or groups to act according to their own self interest. Thus if the government elite was dominated by one occupational or other sociological grouping, then legislation and state behaviour would not be impartial. For a political system to maximize everyone's happiness, every interest group in the community would have to be represented. As A.H. Birch puts it quoting James Mill, "Government should be directed by anelected assembly which 'must have an identity of interest with the community'" (Birch, 1969:463).

It would be naive to expect that government or state elites have ever exactly mirrored the groups they represent. Perhaps only in pre-state forms of government was there a semblance of conformity to the utilitarian principle. The neo-Machiavellian Gaetano Mosca has pointed out the empirical fact that in societies with states, the exact opposite of the utilitarian wish for mirror representation has been the norm. Mosca wrote:

> Among the constant facts and tendencies that are to be found in all political organisms, one is so obvious that it is apparent to the most casual eye. In all societies — from societies that are very meagerly developed and have barely attained the dawnings of civilization, down to the most and advanced and powerful societies—two classes of people appear—a class that rules and a class that is ruled. The first class, always the less numerous, performs all the political functions, monopolizes power and enjoys the advantages that power brings, whereas the second, the more numerous class, is directed and controlled by the first, in a manner that is now more or less legal, now more or less arbitrary and violent, and supplies the first, in appearance at least, with material means of subsistence and with the instrumentalities that are essential that are essential to the vitality of the political organism (in Manzer, 1974:233).

In Canada the political elite of the ruling class is represented most clearly at the governmental level of the state by the prime minister and his cabinet. Although Richard Van Loon is often in error in his paper "Choosing the Cabinet: The Prime Ministers Dilemma" he surely has been accurate in stating, "if there is a centre of power in the Canadian political system, it is the cabinet, for the Prime Minister and his colleagues are the ones who set the priorities of the Canadian government" (1973:132).

Several studies have been done to date on the cabinet segment of the political elite. It is interesting to observe that while no where in state societies are the government elites representative of their constituencies, there are differences between countries as to the degree of representativeness obtained. In Canada, the political elite and its cabinet segment are less representative of their constituencies than is in the case of several other advanced capitalist countries. For example although lawyers are almost everywhere over represented in the government elite, in Canada the percentage of lawyers in the cabinet over extended periods of time amounts to double that current in Australia's government (ie 25 per cent). Another point of comparison is that "the lower classes have had markedly better representation in the political elites of Britain, France, Australia, and even Germany than they have had in Canada or the United States" (Manzer, 1974: 245).

One interesting point of comparison on the representativeness of government elites is between Canada and Australia. A recent author, Henry Albinski, has drawn out the comparisons and contrasts in his excellent work Canadian and Australian Politics in Comparative Perspective (1973). A number of published reports have revealed that the Canadian cabinet is made up largely of British or French background male lawyers, businessmen, or members of a few other occupations. Persons with farm or labour backgrounds, females, and until recently the members of non-host ethnic groups have been excluded from the Canadian cabinet. As reported by Manzer, Leon Epstein analyzed the occupational backgrounds of the 275 cabinet members from 1967 to 1957. He found that 51 per cent were lawyers, 18.5 per cent were from other professions which included medicine and journalism, and 23.6 per cent were listed as businessmen. Only 4 of this group of cabinet ministers had manual or clerical occupational backgrounds, and 11 men with a farm training were represented.

More recently Porter found that between 1940 and 1960, 50 of 88 cabinet ministers were lawyers, 11 were in other professions, 16 were businessmen, 5 were farmers, and 1 only was a skilled worker (Manzer, 1974:240). Manzer also comments, "Nor is any change in this pattern found in appointments to the Liberal Cabinets of Prime Ministers Pearson and Trudeau."

According to Manzer this "pattern of appointing primarily professional men and secondarily businessmen" to the cabinet "has existed in both parties since the time of Confederation". It is one of the themes of this thesis that because of the involvement of members of the professions in business, there is no rigid separation in the Canadian government elite between the two categories of professional and businessman. Thus it is of significance that a recent writer in Ontario History (Swainson, 1974) points out the common existence of the politician-professional-businessman as early as the period preceding Confederation. A concrete example of this pattern is John A. Macdonald himself. A lawyer by training and an almost lifelong politician, Macdonald also dabbled in a major way in the field of business at a senior executive level. As Clement points out, Sir John A. was first president of Manufacturers Life Insurance Company from 1887 while still Prime Minister until his death in 1891 (1975:134). Even into the 1950s Canadian cabinet ministers would retain directorships while sitting in the cabinet.

As for women in the cabinet, their representation has been so meagre that one can point out the number of cases individually. The first woman to sit in the cabinet was Ellen Fairclough, appointed by John Diefenbaker. Since thenJudy LaMarsh and Jeanne Sauve (the latter the wife of a former Liberal cabinet minister but also a former Quebec media personality in her own right) have held cabinet portfolios. However Judy LaMarsh was was quite correct to entitle her chapter on women in politics as "Twenty-five against One". Apparently although it is now recognized that a woman should be in cabinet, there is still a tendency to consider the woman appointee as solely representative of the female constituency, rather than appointing women more or less simply on their merits as cabinet material. Thus for example, Judy LaMarsh points out the case of Pauline Jewett. Pauline Jewett was in Parliament from 1963 to 1965. She was a political scientist with a PHD from Harvard. Later on she became director of the Institute of Canadian Studies at Carleton University and then President of Simon Fraser University. Jewett, a talented and ambitious person, approached Pearson about the possibility of a cabinet post. "He replied that while she had plenty of ability there already was one woman in cabinet and he didn't think that I intended to leave. It simply never occurred to Pearson that there could be more than one woman in the same cabinet" (LaMarch, 1970:306).

More recently there have been appointments made to the cabinet from various ethnic groups other than the host English and French groups. Thus Michael Starr was the first Ukrainian appointment, Diefenbaker himself was of half German origin, and Herb Gray was the first Jew in the cabinet. Although Porter and Vandenberghe both believe that federal government encouragement of multiculturalism may impede the climb of non-host ethnic groups into the business world, this policy clearly has had some impact in appointments to state institutions such as the Senate and the cabinet (Polish member of Parliament, Stanley Haidasz was briefly appointed minister in charge of multiculturalism).

Thus it would seem that at the cabinet level, Canadian Prime Ministers are following what Digby Baltzell (1964) has called the "aristocratic whig principle" of recruitment into elite institutions of men of ambition and ability whatever their social background, assimilating non-elite or non-host members to the viewpoint of the whig establishment itself in the process. This happened in England when the whig aristocrats accepted the rising bourgeoisie as a legitimate element in government or, in a more concrete example, when the Jew Benjamin Disraeli became Prime Minister of England.

However, while the government elite in Canada has gradually accepted the aristocratic whig principle with ethnic groups and occasionally for women, the occupational background of Canadian cabinet ministers has remained restricted to the professions (especially lawyers and business). This has been true as well for the female or ethnic group members accepted into the cabinet. Thus Judy LaMarsh was trained as a lawyer and Ellen Fairclough was a chartered accountant.

Summarizing, Porter has pointed out what by now should be obvious, "The political elite is not representative of the population which it leads" (1968: 388). Porter goes on to specify, "All the significant differentiations in Canadian society seem to be represented by lawyers and businessmen with university degrees. Their social homogeneity in terms of education and occupation could far outweigh any heterogeneity in terms of regionalism, religion, or other interests" (1968:396).

Of course, what one makes of these facts depends on underlying polemical orientations. As opposed to the utilitarian argument that people or groups tend to maximize their own narrow interests, one has what might be termed the technocratic liberal theory of representation, voiced by Van Loon:

> However one must also keep in mind that it is not necessary to be the mirror-image of the people one represents in order to be a good representative. It is at least possible that ministers can represent people quite unlike themselves because "being a good representative is a learned skill which may, in theory at least, be unconnected with social background (1974: 138).

The above orientation may be called one of technocratic liberalism since it is assumed that class differences between the representative and the represented do not constitute an antagonistic contradiction and that the function of a representative is based on technique rather than politics.

Another objection to the necessity for mirror representation is the conservative argument in favour of government by aristocratic elites. This argument is still occasionally aired, with other class fractions now usually substituted for the aristocracy. In its older form, the conservative argument against mirror representation is rather unpalatable in the modern age because of the dominance of liberal-democratic ideology. However, as was pointed out in chapter one (quoting from C.B. Macpherson) the democratic ideal was not accepted as a commonplace until about the turn of the century. A classic expression of the conservative theory of representation is voiced by Edmond Burke in his famous attack on the French revolution:

> Believe me, Sir, those who attempt to level, never equalize. In all societies, consisting of various descriptions of citizens, some description must be uppermost. The levellers therefore only change and pervert the natural order of things; they load the edifice of society, by setting up in the air what the solidity of the structure requires to be on the

> ground. The associations of taylors and carpenters, of which the republic (of Paris, for instance) is composed, cannot be equal to the situation, into which, by the worst of usurpations, an usurpation on the prerogatives of nature, you attempt to force them (1790, 1969:138).

Today the conservative argument against mirror representation at the cabinet level is justified by some authors who repeat similar arguments about the especial skills supposedly acquired by lawyers and businessmen for the exercise of political office. Thus Van Loon writes, "The elite nature of present cabinets is largely a reflection of the fact that middle and upper-middle class backgrounds are more likely to give a person the skills and attitudes essential to the performance of political roles" (p. 138).

Such an interpretation is open to question if we look at the experience of Australia. There the representation of lawyers in the federal cabinet has been about half of the Canadian percentage. The smaller participation of lawyers in Australian politics has "permitted" a much higher representation from the farm and labour sectors. Albinski points out that "in the first half-century after federation", 19.9 per cent of Australian cabinet ministers had been manual workers. He also points out that "a rural background appears to have been about three times as great in Australia as in Canada since the two national systems started functioning" (Albinski, 1973: 293,294). Since farmers have only constituted 6.5 per cent of Canadian cabinet ministers since Confederation, this would place the representation of Australian farmers in the cabinet at about the same level as manual workers.

Following from Van Loon's assumption about the contribution of middle and upper middle class occupations to the creation of political skills, it should follow that governments with large degrees of representation from labour or farm elements should be in some sense inferior to that dominated by professionals and businessmen. One can ask if this is the case in Australia.

Instead it may be hypothesized that the lesser impact of class-based politics in Canada, and the greater saliency of ethnic and regional factors, has tended to encourage the domination of federal cabinets by lawyers. In Australia, where greater ethnic cohesion has been the case, class politics took firmer root. In Australia with a greater degree of class based politics, the claims of lawyers, professionals, and businessmen within liberal-conservative parties to possess greater political skills was not accepted since politics itself is based largely on class membership or allegiance.

In Canada the claim of professionals and businessmen to non-class technical political skills was accepted more easily since many of the contradictions of Canadian political life have tended to revolve around ethnic-religious and regional questions. As Manzer points out, "The greater representation of lower-class occupations in the Australian, British and German Cabinets is probably explained by the existence of a socialist [sic] working class party which provided the channel for a few to move directly from lower-class occupations to positions of political power. The Australian Labour Party accounts for almost all the lower-class workers who became federal Cabinet Ministers in Australia between 1901 and 1961" (1974:245).

In Australia one of the large federal parties is social democratic in nature whereas in Canada its federal counterpart, the CCF-NDP, has never made a major inroad at the federal level. In Canada the two major federal parties are both, in Albinski's usage, "moderate-conservative parties" (1973:163). This interpretation to explain the dominance of the Canadian federal cabinet by lawyers, other professionals, and businessmen, is supported by the political scientist, Gad Horowitz, who writes, "...class voting in Canada is, generally speaking, over-shadowed by regional and religious-ethnic voting" (1966:170). Caldarola also supports this view. "Studies on voting behavior in Canada have consistently pointed to the religious factor as being the basic criterion of polarization for political parties. Regionalism follows as the second major catalyst whereas class and ethnicity are shown to be less significant variables" (Caldarola, 1974:1).

Thus in the view of the present author the extreme elite upper middle class nature of Canadian federal cabinets has not been due solely to the neutral political, administrative or verbal skills learned by such class fractions but to the overshadowing of class politics by concern over national unity.

In the pages above we have seen that the Canadian federal cabinet is decidedly unrepresentative of the general Canadian population, that it is composed almost entirely of lawyers, businessmen, and other members of the professions. We have seen that in studies of the cabinet compiled by social scientists almost one-quarter were labelled as businessmen. This is itself a significant figure, enough to suppore Miliband when he states, "This entry of businessmen into the state system has often been greatly underestimated" (1975:52).

However the true interrecruitment patterns between business and politics have been underestimated in Canada and elsewhere since most social scientists (eg. Porter, Epstein, Van Loon) have tended to allow each politician only one occupational background in their categorizations. In addition, the after careers of politicians have tended to be ignored. In at least one study, the after career of cabinet ministers was discussed but the author downplayed the entry of cabinet ministers into the business world at that point (Van Loon, 1974). As noted in chapter one, this under estimation of business recruitment into and out of politics has been overlooked since the tendency of professionals to carry on significant business careers alongside their professions has been overlooked. As R.W. Johnson has expressed this process, "The problem is that many MPs hold positions in business subsidiary to their main profession; that some jettison these connections upon their election; and that many more find that their election opens the gate to their acquisition of such positions" (1973:56-57).

Later on Johnson comments that "In fact, a very large number of the 'profession' bloc might well be accounted businessmen. It is among the dominant group of lawyers, second only to the farmers and landowners, that the process of interpenetration of interests has run furthest" (1973:58). To take one concrete example of this interpenetration process, Johnson found that as many as 42.5 per cent of lawyer-MPs held business connections (not counting partnerships in legal firms). Finally Johnson argues that "it may be plausibly argued that a clear majority of all MPs have business connections of some sort and, to a greater or lesser extent, live and move within the world of business" (1973:59).

These empirical findings from England have been suggested for the narrower political elite group of the Canadian cabinet. There is the evidence of Judy LaMarsh, a former Minister of Health and Welfare and Secretary of State during the 1960s. Only the second woman to achieve cabinet rank in Canadian history, LaMarsh commented that on leaving public life she did not receive offers to join business organizations as did her male colleagues. "Most ministers who leave government go on to half-a-dozen boards and their friends rally around," she says. "That certainly didn't happen to me" (in

Robertson, 1975:73). However in 1974, six years after retirement from cabinet office LaMarsh was offered a directorship with the new small firm, the Unity Bank of Canada.

Recently a Canadian political scientist, Richard Van Loon, has attacked the hypothesis of the interpenetration of business and government elites. He raises in a critical manner the problem which interpenetration of these elites might cause:

> It has occasionally been alleged that when a man leaves the cabinet he must go back to private industry in order to earn a living, and that this makes him particularly susceptible to the blandishments of industrialists when he is in the cabinet. If this were so them we might expect some of the business oriented attitudes which ministers might have to be further reinforced (Van Loon, 1974:139).

First let us note that Van Loon has not quite phrased the problem correctly since he seems to associate only "industrialists" with private industry. Yet capitalism is also composed of finance capital as represented by banks, trust and insurance companies, and by retail and wholesale commerce.

Van Loon marshalls some elementary data to the effect that "only 26 percent of the cabinet ministers who left their portfolios for any reason from 1867 to 1965 returned to private life" (1974:139). Thus Van Loon is satisfied that "the former cabinet minister does not in general go back to private life" and that "The evidence does not really support" the assertion that cabinet ministers are "susceptible to the blandishments of industrialists" (Ibid).

We have already noted the extensive interpenetration of business and political elites in Britain. Beth Mintz has noted the same process for American cabinet secretaries. She writes that "Nearly 90% of all cabinet officials in the period 1897-1973 were members of either the social or business elite as defined in the previous section....Seventy-eight percent belong to the business elite (as compared to approximately .3% of the general population" (Mintz, 1975:135). Mintz, it may be remembered, had defined membership in the business elite as a cabinet secretary who either before or after his political career had been a corporation director for at least one firm, or who had been a lawyer in a corporation-oriented law firm (1975:133-134).

To some extent the apparently contradictory findings of Van Loon on the one hand and of Mintz and Johnson on the other are problematical. Canada, like Britain and the United States, are advanced capitalist countries. That is, all three are highly industrialized and "the largest part of their means of economic activity is under private ownership and control" (Miliband, 1973: 8). As Miliband points out, these important basic characteristics shared by advanced capitalist countries tend to produce "a remarkable degree of similarity, not only in economic but in social and even political terms, between these countries: in many basic ways they inhabit to an increasing degree material and mental worlds which have much in common" (Milliband, 1973:9). Thus it might be expected that trends regarding the interpenetration of business and government elites would be similar among political systems of the advanced capitalist countries.

It will be the aim of this chapter to look closely at the data and to find whether there is an empirical resolution to the contradictions found between Mintz, Johnson, and Van Loon. Given our general theoretical orientations as outlined earlier, it is hypothesized that Van Loon may have overstated his case and that interpenetration of government and business elites at the cabinet level is high in Canada as well. We shall set about this task by looking at the cabinets of the differing political periods since 1930. Basically this means looking at the cabinets of Mackenzie King, St-Laurent, Diefenbaker, Bennett, and Pearson, with a few comments on the Trudeau ministry as well.

THE BENNETT CABINET

In a paper recently presented at the Learned Societies meeting in Edmonton, J.R.H. Wilbur pointed out the importance of the ties to corporate wealth in the career or R.B. Bennett. Wilbur points out "What made this weatern Tory leader? The eastern business world" (1975:1). Wilbur's aim or as he puts it, his "main contention" was that "Bennett's career best illustrates the power which the Canadian business community has always wielded over our political institutions" (p. 1). Wilbur points out that "By every yardstick Bennett has to be judged a poor politician" (p. 1). Despite many setbacks Bennett achieved the leadership of the Conservative Party in 1927 although he had never been called by Sir Robert Borden to his war cabinet. How did Bennett conquer these political handicaps? Wilbur answers: "He accomplished this feat because he had money and business connections" (p. 1).

Given the very direct linkage of R.B. Bennett to large corporate business before his term as Prime Minister, it should not surprise one to find a marked connection of the cabinet to business. Some of these connections have been listed in an early published paper by Wilbur in the Canadian Historical Review. Wilbur summarized, "Any federal cabinet has its share of successful businessmen, but they seemed to be even more prominent in the Bennett administration" (1962:3). Wilbur also added, "Only two of the senior cabinet ministers had no apparent connection with Ontario or Quebec commerce — Stevens and Dr. R.J. Manion or Port Arthur, the Minister of Railways and Canals" (Ibid).

In this article Wilbur sketched the background of a number of senior cabinet ministers to show their business backgrounds.

For example, Sir George Perley "the senior cabinet minister in terms of service" had married the daughter of the Montreal financier, Sir Thomas White "and was himself a bank director and railway executive" (Wilbur, 1962: 2). Perley, himself the son of a former member of Parliament, had in his father-in-law a former minister of the Interior under Sir John A. Macdonald. Perley had become a lumber merchant at Ottawa and his business career had extended from the capital. He had been proprietor of G.H. Perley and Co, Vice-President of Hull Lumber Co, Vice-President of Read Lumber Co, President of Argenteuil Lumber Co, Vice-President of Canadian Atlantic Railway, and Director of the Bank of Ottawa, later of the Canadian Bank of Commerce. He had held the posts of Minister of Overseas Forces of Canada in Britain, Minister without Portfolio, and spent over four years as High Commissioner for Canada in Britain from 1917 to 1922. Created K.G.M.G. in 1915 and G.C.M.G. in 1933, he was 70 when appointed by Bennett as Minister without Portfolio.

Arthur Meighen, appointed as Minister without Portfolio and Government Leader in the Senate was "closely connected with Toronto financial interests" (Wilbur, 1962:2). By 1933 Meighen was either president of chairman of eight financial companies. At this time there was a bitter rivalry between the business communities in Toronto and Montreal. Meighen had become closely associated with the Toronto group during his first period in office and as Conservative leader from 1915 to 1926. Meighen had supported the public ownership of the Canadian National Railways. The Montreal group interpreted that action as a "step (that) had been taken to save the Canadian Bank of Commerce from disaster" (Graham, 1957:74). Thus on one side was a Montreal group centred around the C.P.R. and the Bank of Montreal (p. 73); on the other was a Toronto group based on the C.N.R., the Canadian Bank of Commerce, and the National Trust Company.

Similar to Perley was Edgar Nelson Rhodes, Minister of Fisheries and then of Finance in the Bennett government. Like Perley Rhodes had a "good" family background, and business and political connections. Wilbur records that Rhodes "was from a wealthy business family" (1962:2). Rhodes married the daughter of the Hon. W.T. Pipes, who had been Attorney General for Nova Scotia. Rhodes practised law at Amherst, Nova Scotia and was also director of several companies including Nova Scotia Turst Co, Amherst Pianos Ltd, Brooklyn Lumber Co Ltd, Amherst Boot and Shoe Co, and Canada Rolling Stock Co Ltd. After his tenure in the Bennett cabinet, Rhodes was a director of the Canadian Investment Fund from 1936 until 1938. In his political career, Rhodes had been a member of Parliament from 1908 (age 32) until 1921. From 1917 until 1921 he was Speaker of the House of Commons after a term of one year as Deputy Speaker. In 1925 he ran in the Nova Scotia provincial elections, and on election immediately became premier, a post he held until August 1930.

Another prominent businessman before his entry into politics was E.B. Ryckman, who "had retired as director of several Toronto companies before entering the cabinet" (Wilbur, 1962:2). Ryckman was another example of the lawyer-businessman-politician. He attended Osgoode Hall and practised law in Toronto. He also became Vice-President of the Russell Motor Car Co, President of the Dunlop Tire and Rubber Goods Co Ltd, and Director of IBM (International Business Machines). Ryckman, anMP from 1921 until his death in 1934, was Minister of National Revenue until December 1933 shortly before he died. He had briefly been minister of Public Works in 1926.

Yet another lawyer-businessman-politician was C.H. Cahan, Secretary of

State for Canada under Bennett. He was called to the Nova Scotia bar in 1893 and maintained a practise there from 1893 to 1907. Then he moved to Quebec and practised law in Montreal from 1908. Wilbur refers to him as "a St James street lawyer long associated with power projects and other major ventures" (1962:2). According to the Canadian Directory of Parliament, Cahan "participated in large tramway and electric enterprises in South America, Trinidad and Mexico, 1896-1909" (1968:87). Cahan was also President of the Western Canada Power Company. Cahan had spent an early period from 1890 to 1894 (from age 29 to 33) as an MLA for Nova Scotia and as leader of the opposition in the assembly. He was MP for St Laurence-St Georges, Montreal from 1925 until a defeat in 1940.

Even the 'rebel' in the Bennett government, H.H. Stevens, who founded the Reconstruction Party, had a business background. The Reconstruction party which contested the 1935 election and ineffectually for several more years, was, in the words of another paper by Wilbur, "a Canadian version of Roosevelt's New Deal" (1964:2). Essentially the party seems to have been populist and petty bourgeois in nature with some appeal to workers. Wilbur says that the party looked for support to "farmers, small businessmen, and workers" (p. 2). Wilbur points out that "By profession Stevens was a self-taught accountant who had achieved a modest business success before and during the many years that he represented Vancouver East in the House of Commons (1964: 2). According to Wilbur in this article, Stevens resented slights he felt he received from larger and more successful businessmen in the cabinet, those involved in the national corporations. Nevertheless Stevens himself had begun as a grocer and become an accountant and broker. He also had formed Vancouver Holdings Ltd, a company which built "luxurious apartment buildings" (Wilbur, 1964:4), and he was its President.

Another lawyer-businessman-politician was Richard Burpee Hanson, Minister of Trade and Commerce during the last year of the Bennett regime. He was called to the New Brunswick and practised law in Fredericton, becoming a senior partner in Hanson, Dougherty and West. Hanson became director or executive with many companies before, during and after his tenure as cabinet minister. Like Cahan, some of these business connections came because of his position as a corporation lawyer. Hanson was general counsel and chief solicitor for Fraser Companies Ltd and for its associated and subsidiary companies. He was Vice-President of Fredericton and Grand Lake Coal and Railway Co. and director of the Minto Coal Co Ltd (WWW:230). He is listed by the Directory of Directors as a director of the New Brunswick Telephone Co from 1931-1944 and also for several other companies after 1935.

Another prominent businessman before cabinet tenure was Robert Charles Matthews, Minister of National Revenue from 1933 to 1935. He was President of R.C. Matthews and Co, Investment Bankers, Toronto, from 1909 to 1923, and had been manager for Canadian Securities from 1903-05. He was president of the Liberal-Conservative Businessmens' Club of Toronto from 1922-26 and 1927-28. Thereafter he was an honorary president. Matthews was also very active in the Canadian Chamber of Commerce. He served as its President in 1936-37 and was a member of the board of directors afterwards at least as far as 1947. During his tenure in the cabinet, Matthews retained a directorship in Christie, Brown and Co. After his tenure in office he was for many years a director of Maple Leaf Gardens. Matthews' political career spanned the years from 1926 to 1935.

Another businessman who was not a lawyer or professional involved in business was John Alexander Macdonald. Macdonald was a merchant and produce exporter at Cardigan, Prince Edward Island. He was President of J.A. Macdonald and Co Ltd and of Associated Shippers (listed as such in the Directory of Directors from 1933 to 1949). In 1933 and 1935 Macdonald was also listed by DD as treasurer for the Cardigan Electric Co Ltd, as Secretary for Cardigan Silver Black Fox Co and as Secretary for Cardigan Million Co. Macdonald first got into politics as an MLA from 1908 to 1915 (aged 34 in 1908). He was defeated in 1915 and 1919 but was reelected in 1923 and sat in the provincial legislature from 1923-25. He served as Minister without Portfolio and later as Minister of Public Works in the provincial cabinet. Macdonald sat in the federal Parliament from 1925 to 1935. Already a provincial notable in politics and business, it was natural for Macdonald to be appointed Minister without Portfolio in the shortlived Meighen administration of 1926 and then under Bennett he held the same post from 1930-1935. In 1935 Macdonald was called to the Senate by Bennett shortly before the defeat of 1935.

Several cabinet ministers sat on boards of directors during their tenure of office in the cabinet but, from the data available, did not sit on business boards before or after. For example, Gideon Robertson sat as a director of Canada Bud Breweries for about two years around 1933. He ably represents the recurring cabinet member recruited from labour or farmer movements who moves into party politics with the old-line parties and who then develops a business career (the most spectacular example being Charles Dunning). Robertson had entered railroad work in 1893 (at the age of 20) and became a telegrapher until 1908. He then ascended the union bureaucracy as General Chairman of the Order of Railroad Telegraphers, as Deputy President of the ORT in 1914 and as Vice-President of the ORT in 1915. He was called to the Senate in 1917 and was appointed Minister without Portfolio almost immediately. He served as Minister of Labour from 1918 to 1921 and from 1930 to 1932, about a year and a half before his death.

Robertson represents the rare labour representative recruited into the Canadian cabinet. He was recruited into the Senate and cabinet as he was probably because of the war effort and a desire for "labour" to be represented at a time when the Canadian labour movement was still quite dubious about the war. Martin Robin calls Robertson a "staunch conservative" (1971: 137), and writes: "But following the conscription election [1917] important steps were taken to bring the leaders of organized labour within the pale of the war enterprise" (1971:138).

Another minister whose business connection as director coincided with his cabinet office was Murray MacLaren, Minister of Pensions and National Health from 1930 to 1934. He was trained as a doctor and served as President of the Canadian Medical Association in 1914. MacLaren served as an MP for Saint John Albert New Brunswick from 1921 to 1935 when he resigned to become Lieutenant-Governor of New Brunswick from 1935-1940. During his tenure in office MacLaren served as director on the board of the Maritime Trust Co.

The category of "farmer" can be rather difficult to assess. Most farmers clearly belong to the smaller sections of the petite bourgeoisie. Other "farmers", however, are more clearly members of the business community since their operations bear no resemblance to the family farm. One such business-farmer was Robert Weir, the Minister of Agriculture from 1930 to 1935. Weir had been an actuary with Confederation Life Assurance until 1911 but went west and from 1912-1915 was a teacher in Regina. From 1915 to 1919 he served in the Canadian Expeditionary Forces as major. After the war, Weir became a large-scale business farmer with large ranch-farms in two provinces. He operated a one thousand acre ranch at Weldon Sask, to produce purebred Percheron horses and Hereford cattle. He also operated a 3500 acre ranch at Pincher Creek, Alberta to raise Hereford cattle.

Hugh Alexander Stewart was another lawyer-politician-businessman, although on a smaller scale than others mentioned earlier. Stewart practised law at Brockville and was associated for many years as a director with the Brockville Trust and Savings Co. He was listed as director by DD from 1935 to 1955 and was also a director of General Milk Products during the early 1950s. Stewart was mayor of Brockville for 1905-06, sat in Parliament for Leeds from 1921 to 1940 when he was defeated, and was Minister of Public Works during the entire Bennett government.

A French-Canadian lawyer-politician-businessman was Maurice Dupre, Solicitor-General from 1930 to 1935. He was one of only three French Canadians appointed to the cabinet by Bennett. Dupre practised law in Quebec City with the firm of Dupre, Gagnon, Debilly, Prevost, and Home. He was defeated in 1925, 1935 and 1940 in bids for election but did sit from 1930-1935 for the riding of Kamouraska. Born in 1888, Dupre was one of the youngest members of the Bennett cabinet. He died in 1941 as a result of a railway accident just when he was beginning to build up a business career. By 1941 he was sitting on the board of directors of five companies which included Canadian Industrial Alcohol Ltd, Fancoeur Gold Mines, Alderman Copper Corp Ltd, Towagamac Explorations and La Caisse d'Economie de Notre Dame de Quebec (DD, 1941).

In most cabinets there is a member of small-town, small size commercial business. In the Bennett administration Thomas Gerow Murphy represented this sort of businessman. He ran Murphy's Drug and Book Store in Neepawa, Manitoba and was President of the Neepawa Board of Trade in 1924. For several other years he also served as Secretary. Murphy was MP for Neepawa from 1925-26, and from 1930 to 1935. He had entered politics as a councillor for Neepawa from 1921-23 and then served as Mayor from 1924-27.

Thus it would appear that out of a cabinet of 23 men (no women) 16 or 70 per cent had a close relation to some form of business. This may well be an underestimation since it is not always certain whether a lawyer principally serves corporations or not. This list of 23 includes Prime Minister Bennett himself discussed in length elsewhere on the chapter about Canadian Prime Ministers. Of the group of cabinet ministers not listed with business connections, one was a member of the chambre du commerce (Alfred Duranleau) and another had an interest in fruit orchards (Grote Stirling).

THE DIEFENBAKER CABINET

As Pierre Sevigny, a cabinet minister under Diefenbaker later implicated in the Munsinger case, pointed out, John Diefenbaker had never accepted positions with the large corporations (1965:). As recounted earlier, Diefenbaker once turned down an offer as corporation lawyer for a major automobile manufacturer in Canada. Diefenbaker was definitely not the choice or favourite of what historians and journalists have termed the Conservative Old Guard with its centre on the financial street of Bay Street, Toronto. In his speeches, Diefenbaker made special appeals to the petty bourgeoisie of the hinterland areas — farmers, small businessmen. George Grant has described this opposition to Diefenbaker as follows:

> The old Conservative elite kept Diefenbaker from a central place in his party for many years. They ensured that the control of the party remained in Toronto. After Bennett's defeat in 1935, the Conservative party became a rump, with nearly all its strength in Ontario. Diefenbaker only came to leadership because of support from the fringe areas of the country, and because the Toronto group was at the end of its tether after the failure to build a national party under Drew. When, in 1957, Diefenbaker did squeeze in, he did so in spite of the dominant classes of the Howe era... large-scale business did not expect or support the defeat of the Liberal party in 1957 (Grant, 1975:10).

Given this background of events, one might expect the interrecruitment pattern betweenbusiness and politics to have been less than under other leaders and parties. However, according to data collected on the Diefenbaker cabinet, this does not appear to have been the case. Of a cabinet of 34 people (33 men and one woman) between 1957 and February 1963, approximately 21 or 62 per cent were involved in important linkages with business either before or after their cabinet tenure.

One of the most senior cabinet ministers in terms of age was James McKerras Macdonell. Macdonell had long been active in Conservative politics. Paltiel says that bank in 1940, R.B. Hanson, interim leader of the party, and Macdonell, then president of the National Trust Company, acted in response to "fear of organized labour and the surging growth of the CCF" (1970: 32). They organized a meeting of party friends in Montreal during January 1941 to enquire what could be done to revitalize the party. It was decided to set up special fund-raising committees in Montreal and Toronto in order to raise $60,000. Later Macdonnell organized the thinkers conference held at Port Hope. The aim of this conference — organized by the president of one of Canada's leading financial companies — was "to give the party a new image — no longer was it to appear as the captive of the 'interests'"(Paltiel, 1970:32).

James McKerras Macdonnell had joined the National Trust Co Ltd in 1911 and retired in 1944, at age 60. He had been trained as a lawyer but spent his career as an executive with National Trust. He became General Manager in 1931 and in 1939 was appointed President, a position he held until 1944. He held a number of directorships including a seat on the board of Bell Telephone, of Canada Life Assurance Co, and of The Central Canada Loan and Savings Co. He also had been president of the Dominion Mortgage and Investments Association.

On his retirement from business in 1944, Macdonnell was elected as M.P. for Muskoka-Ontario, a seat he held from 1945-1949. During this period he acted as president of the Progressive Conservative Association of Canada from 1946 to 1950. Defeated in his Muskoka riding in 1949, he regained election in October 1949 for the riding of Toronto-Greenwood, and held the seat until his defeat in 1962. Although over 70 at the time, Diefenbaker appointed Macdonnell as a Minister without Portfolio, a post he held until 1959.

Macdonnell's educational and family background was also of an elite nature. He had taken one B.A. at Queen's University, another at Oxford on a Rhodes Scholarship and he obtained his law degree at Osgoode Hall. In 1915 he had married Marjarcie Parkin, the daughter of Sir George Parkin, a leading Canadian propagandist for the British Imperialists.

Another major corporate figure appointed to the cabinet was Wallace McCutcheon. McCutcheon, like Macdonnell, was trained as a lawyer and like him spent his career as an executive and director of numerous companies. He became a leading member of the Argus Corporation syndicate. Argus Corporation, set up immediately after World War II, became one of Canada's leading holding companies. Its strategy was to buy up a minority of stock of existing companies and then to assert control with Argus members acquiring seats on the board of directors, or occasionally sitting in executive capacities. This tactic often led to sharp business conflict since existing companies would sometimes object to losing their internal control to a holding company such as Argus.

McCutcheon's business connections as director or executive officer amount to several dozen. He was long-time Vice-President and Managing

Director of Argus Corp. He sat as a director or executive officer for B.C. Forest Products, Canadian Breweries, The National Life Assurance Co, Dominion Stores, Dominion Tar and Chemical, Massey-Harris Co, The Canadian Bank of Commerce, Montreal Trust Co and many others.

McCutcheon was appointed to the Senate on August 9, 1962 and was appointed at once as Minister without Portfolio. Later he was briefly Minister of Trade and Commerce before Diefenbaker's fall.

An example of an important regional businessman without professional training who interspersed a career of business with that of politics is Hugh John Flemming. It has become usual for cabinet ministers to have attended university since careers in metropolis institutions of law and business demand such an educational background. In all areas of Canada, but perhaps even more so in the Maritimes, there are family businesses which stay in the same family for several generations. In such businesses entirely owned by one proprietor-family, there was formerly no need of advanced education.

Flemming first comes into prominence in business circles in the early 1940s when he himself was in his early forties. In 1944 he was listed by DD as a partner in Monquart Lumber Co, President of Bristol Woodworking Co, Secretary-Treasurer and Manager of Flemming and Gibson Ltd, and director of two other local companies. By 1949 besides the companies above, Flemming had become President of Woodstock Woodworking Factory Ltd and Secretary-Treasurer of S.N. Bell, Ltd.

Flemming's political career extended as far back as 1921 when he was a municipal councillor for Carleton County, New Brunswick, a post he held until 1935. In 1944 Flemming was elected MLA for Carleton County. He served as Premier of the province and in several other provincial cabinet posts from 1952 to 1960. In 1960 Flemming resigned as Premier and was elected as

MP for Royal, New Brunswick. He was immediately sworn in as Minister of Forestry, a post he retained until March 1963. He also served briefly as Minister of National Revenue in 1962 and 1963. Flemming did not fall with the Diefenbaker government but was returned to Parliament in 1963, 1965, and 1968.

Flemming had come from an elite New Brunswick family with excellent business and family connections. Methuens Co's special book on the members of Canada's 28th parliament says, "He has specialized in lumber production all his life, and he might have concentrated upon his position in the company. Instead, he followed the political tradition established by his father..." (Methuen Co, 1970:280). The above business data reveals that Flemming did not make quite the sacrifice of his business career indicated by Methuen. Flemming's father, James Kidd Flemming, had also served as Premier of New Brunswick, from 1911 to 1914.

Since 1970 Flemming has once again entered business in a major way. Unlike many politicians who use cabinet prestige to move to a prestigious career in business, it would seem that Flemming suits better under the rubric of "regional baron". All the companies he has participated in since 1970 have been New Brunswick based or at most Maritime based. These connections since 1970 are listed in Table I following.

THE BUSINESS CONNECTIONS OF HUGH JOHN FLEMMING SINCE 1970
TABLE IX:

1 President, Carleton Development Co Ltd
2 President, Flemming-Gibson Industries Ltd
3 President, Hugh John Flemming Corp Ltd
4 President, Flemming Industries Ltd
5 President, Juniper Realties Ltd
6 President, North Carleton Land Co
7 President, Susses Lumber and Pulpwood Ltd
8 President, Woodstock Woodworking Factory Ltd

Table I continued...

Table continued.....

9 Director, Seven-up Sussex Ltd, 1970-72
10 Director, Maritime Beverages, 1973-
11 Director, T.E. McLaughlin Development Associates Ltd

Source: DD, 1970 to present. Holdings without dates were first listed in the DD 1975.

Another businessman with an established family firm in his background was George Hees. Hees perhaps represents the Ontario British bourgeoisie that George Grant once believed to be the Canadian ruling class. Hees' family owned a "successful family firm [of] house furnishings" (Methuen, 1970:161). In Toronto, Hees was educated first at the Royal Military College then at the University of Toronto and finally at Cambridge University in 1933-34. He married into an elite family since he wedded Mabel F. Dunlop, the daughter of the Hon. E.A. Dunlop. Hees joined the family firm on his return from England, and by 1944 is listed by DD as a director of George H. Hees Sons and Co and also of Powdrell and Alexander of Canada Ltd.

During the war Hees served as a Major in an infantry brigade. On his return he contested the federal election of 1945 but was defeated. He was elected as an MP for Toronto-Broadview on May 15, 1950 and sat until 1963. He was however, not a candidate in 1963. He ran again for Parliament in 1965 and was reelected in 1965 and to date.

During the period after his retirement from the Diefenbaker cabinet and before his return to politics in 1965, Hees held the important post of President of the Montreal and Canadian Stock Exchanges for 1964 and 1965. This followed perhaps since Hees had been Minister of Trade and Commerce from 1960 to 1963. Although still sitting in parliament, Hees has sat as director for two companies while an MP. From 1964 to 1970 he was a director of Triarch Corp and from 1964 to date he has sat as director for Industrial

Life Insurance Co. Thus Hees has alternated a career of business and politics from the base of a family firm.

Another example of the businessman who weaves a career of business and politics was Diefenbaker's Postmaster General, William Hamilton. Born in 1919 and graduating with a B.SC. from Sir George Williams University, Hamilton immediately went into business, although not under the auspices of a family firm. He became Treasurer of the Royal Victoria Hotel, Naussau, Bahamas, from 1943-1945. Later from 1947 to 1949 Hamilton became executive assistant to the President of MacFarlane, Son and Hodgson, Montreal. In 1950, Hamilton went into politics as a city councillor for Montreal, a post he held until 1957 thus overlapping in his term as MP for several years. Hamilton sat as MP for Notre Dame de Grace from 1953 to 1962 when he was defeated. From 1949 to 1957 Hamilton juggled his political career with a continuing business connection since he was an executive director of the Federation of Canadian Advertising and Sales Clubs.

After Hamilton's defeat he moved to British Columbia and since then his business career has blossomed. Some of these business connections are listed in Table II following:

THE BUSINESS CONNECTIONS OF WILLIAM HAMILTON FOLLOWING HIS RETIREMENT FROM POLITICS IN 1962 TABLE X:

1 President, Canadian Park and Tilford Ltd, 1963, 64
2 Director and Chairman, Fidelity Life Assurance Co
3 Director, Chairman, and president, Century Insurance Co of Can
4 Vice-president, Murzo Holdings Ltd
5 Secretary, Firn Investments Ltd
6 President, Brink-Hamilton Enterprises
7 Secretary-treasurer, Foursome Developments Ltd
8 President, Vancouver Board of Trade, 1971
Vice-president, 1970
9 Chairman and President, Employers Council of B.C.
10 Director of numerous other companies

Source: DD from 1963 on.

Although there are several other cabinet ministers under Diefenbaker who were prominent in business before their ascension to ministerial status, perhaps enough has been said. As has been customary in Canadian cabinets, such ministers with previous business connections are a minority but a minority of between 20 to 35 per cent. Another normal career pattern linking business and politics is the professional who has no significant business connections before his political career but who uses the prestige of cabinet rank to gain entry into the business world. When one combines such professionals who become businessmen in the sequence of professional activity, then politics, then business career, with businessmen who enter the cabinet, it is clear that over 60 per cent of persons who sit as cabinet ministers do engage in some form of business career at an elite level. Of course for the professional who leaves politics there are other exits which preclude business careers such as lucrative positions in the civil service. Occasionally death in office intervenes to prevent a post-political business career. When these other exits are considered the percentage of retiring cabinet ministers who do choose an elite career in business becomes significant. Of the 34 Diefenbaker cabinet ministers, 17 engaged inbusiness careers after 1963. But from the original base net of 34 must be subtracted a few ministers who died in office such as J.T. Haig and Sidney Smith, and a few others who suffered discredit in scandals, such as Henri Courtemanche and a few years later, Pierre Sevigny. Thus in effect 57 per cent of Conservative cabinet ministers entered to returned to business careers after their tenure in office.

Of course even for those persons with an earlier business career, entry to the cabinet tends to have an amplifying effect on their business career. There is the example of the first woman cabinet minister, Ellen Fairclough.

She was for many years an accountant with her own firm in Hamilton. She was an MP for Hamilton West from 1950 to 1963 when she was defeated. She acted in three cabinet posts but is best remembered for her four year tenure of the Ministry of Citizenship and Immigration. After her defeat in politics Mrs. Fairclough built up a career in business acting as President of Hamilton Office Service Ltd from 1964 to 1972, as President of Office Service Ltd from 1966 to 1970, and as secretary and subsequently Vice-president of the middle-range company Hamilton Trust and Savings Corp Ltd.

Another example of a business career apparently amplified by tenure in the cabinet is the case of George Halpenny, Minister without Portfolio and then Secretary of State under Diefenbaker. Halpenny was a manufacturing chemist in London and director of two companies before his entry into politics. He sat as director of Canada (Pharmacal) Co Ltd from 1948 on and also on the board of W.M. Parish. After sitting from 1957 to 1963 when he did not contest his seat in Parliament, Halpenny, became the Chairman of Federal Savings and Loan Corp from the mid to late 1960s.

However one of the most common patterns is that of the professional without significant business connections before his entry to politics and who then retires to business in either directorship or executive capacity after retirement from the political scene. This post-political career can either be intensive (using that term to indicate executive office), or it can be occasional (referring to the cabinet minister who sits only on the occasional board). There are also examples of the professional who after his cabinet career becomes a "professional director". A professional director is a person who sits on so many boards as a director (but with no executive capacity) that a major part of his time and energy is consumed by directorial duties.

Given the Diefenbaker cabinet one can find examples of each type listed above. As an archtypical example of the lawyer-politician-businessman there is Davie Fulton. Fulton, the son of a former MP, attended the University of British Columbia and Oxford on a Rhodes Scholarship and practised law in Kamloops, K.B. until 1957. He sat as the MP for Kamloops from 1945 to 1963 when he did not stand. He did run in 1965 and was returned to Parliament where he sat until his defeat by Canadian Indian Len Marchand. In the interim, Fulton was an unsuccessful leader of the B.C. Conservative party. He was defeated in 1963 in a bid for a seat in the provincial legislature. From 1964 on Fulton has built up a business career which includes 11 directorships or executive positions. From 1966 to 1968, Fulton was Chairman of Laurier Life Insurance Co.

Another example of this same pattern was Leo Balcer, the most prominent French Canadian associated with Diefenbaker. Balcer was a lawyer who practised at Trois-Riveriers. He became MP for his home town in 1949 at the age of 32 and remained in Parliament until 1965. Balcer had been President of the Conservative Association of Canada and of the Leadership Convention in 1956. He served as Solicitor General and Minister of Transport but became disillusioned by Diefenbaker's attitude towards French Canada. On April 7, 1965 he declared himself to be an independent. After his retirement from politics, Balcer became Vice-President of Marsh and McLennan Ltd, an electronics manufacturer. In 1969 Balcer became President of a trade association, the Electronic Industries Association of Canada, a post he holds to this year (1975).

An example of the occasional director as explained above was Michael Starr. Starr was an employee of The Pedlar People Ltd, a metal products company, from 1928 to 1957, apparently at a junior level. He entered politics as mayor of Oshawa from 1949 to 1952. From 1952 to 1968, Starr sat as MP for Ontario, Ont. In 1968, as a result of the Trudeau sweep, Starr was defeated by present NDP leader Ed Broadbent. In September 1966, through the patronage of the Ontario government, Starr was appointed presiding officer of the Canadian Citizenship Court. From 1971 through to late 1973, Starr sat as a director of Lake Ontario Cement Ltd, a company with many Conservative contacts (George Drew, former Ontario Premier and federal Conservative leader was also a director). In November 1973 Starr resigned as director of the company to become Chairman of the Workmen's Compensation Board of Ontario, an appointment probably based on his tenure as Minister of Labour.

Especially today in the "mixed economy" society there tends to be constant and continuing interaction between government and business. Thus former politicians may play a brokerage role by accepting directorships. They know how the rules of the political game are played and they may have access to the personnel of federal or provincial governments. These functions of the political director are indicated by Lake Ontario Cements' comments in their Annual Report of 1973: "Mr. Starr's advice and counsel to the Board of Directors of the Company were extremely valuable and he brought to the Company expert knowledge of both business and government affairs" (1973:6).

Another example of the occasional director has been Diefenbaker stalwart, Alvin Hamilton. Hamilton was a high school teacher and then officer in the RCAF. At the age of 36 he became Provincial Organizer of the Conservatives in Saskatchewan from 1948 to 1957. From 1949 to 1957 he was Provincial Leader of the party. He was defeated numerous times in bids both for the provincial legislature and for the federal parliament. Finally in 1957 Hamilton was elected for the riding of Qu'Appelle, a seat which he held until 1968. In 1973 Hamilton became a director of Bushnell Communications Ltd.

Clement points out that Bushnell "has diverse media interests, including twelve radio stations...and six television stations...in addition to four cable companies" (1975:309). Clement also points out Bushnell's motives to appoint directors with political contacts since "A good deal of Bushnell's power in the media is directly related to government action" (p. 309). Clement points out a number of directors with political or senior bureaucratic backgrounds. Jeanne Sauve, wife of Maurice Sauve, was a director before her ascension into the Trudeau cabinet.

Some former cabinet ministers become directors of numerous companies but do not assume executive offices. These may be classified as professional directors since their directorial duties take up a major part of their time and may provide a major part of their income. They are clearly different from the occasional director or from the former cabinet minister who assumes executive office. An example from the Diefenbaker cabinet is the Hon. Senator Jacques Flynn.

Flynn was a lawyer who sat as MP for Quebec South from 1958 until 1962 when he was defeated. He acted as Deputy Speaker and then Minister of Mines and Technical Surveys. After his defeat in Parliament Flynn was appointed to the Senate. He is still a member of his law firm, Flynn, Rivard, Jacques, Cimon, Lessard and Lemay. Since 1966 Flynn has sat on 14 boards as director but on none as an executive. In Table III are shown Flynn's holdings as of 1974:

JACQUES FLYNN'S BUSINESS CONNECTIONS, 1974
TABLE XI:

1 Director, Canada Cement Lafarge Ltd
2 Director, Savings and Investment Group
3 Director, Savings and Investment Corporation Mutual Fund of Canada Ltd
4 Director, Savings and Investment Trust
5 Director, Savings and Investment American Fund

Table XI continued ...

Table XI Continued ...

6 Director, Le Pret Hypothecaire
7 Director, The Trans-Public Advertising Co

Source: DD 1975:187.

The Senate seems to be a comfortable home for the professional director. Another example from the Diefenbaker cabinet was Senator the Hon David Walker, Minister of Public Works from 1959 to 1962. A lawyer, Walker became head of the law firm of Walker, Milton, Rice and Ellis. He is still (1975) associated with the firm as senior partner but over the last ten years has sat on six boards. From 1964 to 1970 he sat on all six boards at the same time. These companies included Gibralter Insurance Co, Anglo Canada Fire and General Insurance Co, Premier Insurance Co, The Great Lakes Reinsurance Co, Canadian SKF Co Ltd, and Rapid Grip and Batten Ltd. In 1975 Walker was still sitting on the boards of the first four companies.

CONCLUSIONS

In this chapter we have looked at the two federal Conservative cabinets since Confederation. One was led by a Prime Minister very involved in large corporate capitalism (Bennett). The most recent Conservative cabinet was led by a leader with no extensive business connections himself. However study of the two cabinets reveals close interrecruitment patterns in both cases.

There are differing interrecruitment patterns with different types of careers leading back and forth between business and government. We have seen examples of the businessman from a family firm, of the businessman without a family firm, who enter politics. In some cases there is an amplifying effect on the post-cabinet careers of some businessmen. In other cases the pre and post cabinet careers do not seem affected by the prestige gained from public office.

We have also noted the large number of professionals who set up practise in law, accountancy, medicine or related activities who enter politics and because of the national prestige gained from public office are able to commence business careers after their retirement from office. Thus cabinet tenure tends to confer institutional elite mobility. Of cabinet ministers who pursue post-political business careers there are several degrees of intensity and importance. There is the professional director, who sits on many boards but who may have no institutional power in any. There are also professionals who engage in intensive post-cabinet business careers (in which an executive office is held) or occasional business careers (politicians who hold the odd isolated directorship).

Because of the regional nature of political representation, there is also observable in Canada the "regional baron". Most large corporate business in Canada is centralized in Ontario and Quebec. However the hinterlands must also be represented in Parliament and in cabinet. Thus there is the recurring phenomenon of the local or regional businessman gaining entry to the cabinet based on his prestige and influence in particular local areas.

Although only the Conservative cabinets have been looked at, there is already enough provisional data to question Van Loon's assertion: "The great majority of cabinet ministers from Quebec have been and still are lawyers, most of them knowing relatively little about business or finance and personally unknown to Canada's financial centres on Bay or St James streets" (1974:136). In this chapter we have observed the business careers of Maurice Dupre, Leo Balcer, Jacques Flynn. In the earlier chapter on

Prime Ministers, the business careers and connections of St-Laurent and Trudeau were observed. Because of the weight of numbers it has not been possible to survey the career of every cabinet minister — types, case studies, and examples have been used to show trends. There are many other examples which would show the silliness of Van Loon's remarks on the French Canadian cabinet minister. One last example from the Conservative cabinets was Pierre Sevigny. Sevigny before his entry into the cabinet as Associate Minister of Defence, had been a director of Lennex Realties, Colonial Construction, Monarch Enterprises, Jasper Oil, the Windsor Hotel and the Leeds Metal Co.

In the next chapter on Liberal cabinet ministers we shall keep Van Loon's statement in mind, but a tentative conclusion is that there is no significant degree of difference between French Canadian and English Canadian ministers in terms of their linkages with business. Certainly being a lawyer, as we have pointed out, contains no contradiction to a business career — quite the reverse.

In looking at the biographical data on cabinet ministers, we have seen that profession, location, education, involvement in politics over a period of years, and to a not inconsiderable extent, family ties through parental or marriage connections are associated with entry to the cabinet. Our more detailed look at Conservative cabinets certainly backs up Porter in his assertions about the unrepresentative nature of Canadian federal cabinets.

NOTES

1 During the 1950s the Minister of National Revenue, the Hon. J.J. McCann, sat as a Director of the Guaranty Trust Company. McCann was accused of conflict of interest since the company "in the ordinary operation of its business had to deal regularly with the tax-collection department" (Pickersgill, 1975:260). McCann held his seat on the trust company's board from 1945 when he entered the ministry until June 20, 1955. When Louis St. Laurent entered the Cabinet he had asked Mackenzie King about the question of holding directorships while in office. King "told him there was no rule of law and no traditional practise" (Pickersgill, 1975:260).

CHAPTER VI: THE CABINET, Part II — The Liberals

Between 1935 to 1957 the Liberals stayed in office for the whole period in Ottawa. This unbroken spell of 22 years is the longest unbroken stretch experienced by a party at the federal level. During this period there were 58 ministers (including Prime Ministers) who served in the cabinet. Two (C.D. Howe and J.G. Gardiner) served in the cabinet for the entire 22 years. Gardiner served in the one post as Minister of Agriculture for the full period. This long unbroken stay in office covered the last years of the Depression, the war years, and the post-war years of recovery and relative prosperity. Politically, the Liberal party remained in power by adroit maneuvers of their opponents manpower and ideas (the cooptation of Progressive Party leader T.C. Crerar into the Liberal cabinet and the adoption of family allowance programmes in 1944 are examples). Thus the government survived an upswing of CCF support in 1943 and 1944 when in August 1943 a poll showed the CCF with a plurality of support from the Canadian people. Economically the post war recovery and prosperity was largely accomplished by the acceptance of trends towards continentalism. Prime Minister St-Laurent had come to legal eminence and financial success representing American forest industries in Canada. Mackenzie King feared so greatly the remnants of British colonialism in Canada that he did not oppose the trend toward continentalization. As George Grant puts it: "Even in 1940, he still held the fear that Canadian independence was threatened from Whitehall. It may also have been that King was sufficiently held by liberal theory to believe that the United States was a democracy, and therefore not in essence an imperial power..." (Grant, 1970:50).

Grant suggests another reason why King did not fear the influence of the United States. King was a realistic politician who wanted power. Let us not, like a number of his biographers, be swayed by his diary musings where King presented himself merely as carrying out the wishes of God or of past Canadian political chieftains speaking from beyond the grave. Grant points out that King made a "great discovery: If his government was the friend of business, the Liberal party could stay in office almost indefinitely" (1970:48). Large-scale business in Canada was no longer interested in promoting an autonomous business structure separate from the United States. As Grant explains:

> And to repeat, after 1940 it was not in the interests of the economically powerful to be nationalists. Most of them made more money by being the representatives of American capitalism and setting up the branch plants. No class in Canada more welcomed the American managers than the established wealthy of Montreal and Toronto, who had once seen themselves the pillars of Canada (1970:47).

As for the career patterns of Liberal cabinet ministers, there is a strong similarity to the Conservative cabinets. There are the same lawyers, sprinkling of other professionals, and businessmen. There is the same absence of women. Of the 58 persons who held cabinet office from 1935 to 1957, exactly none was a woman. We also observe the same interrecruitment patterns weaving back and forth between politics, business, and professional careers. Of the 58 cabinet ministers during this Liberal epoch, 37 held some important business position before or after their tenure of office. This amounts to a percentage of 64 per cent. If one discounts those ministers who died in office and thus were deprived of a post-ministerial career, then 67 per cent of the ministers had such a business career.

Perhaps the main difference between the career patterns of Conservative and Liberal cabinets has been the willingness of the Liberals to draw upon men with backgrounds in the civil service or from academic life. Thus Mackenzie King was for almost a decade the Deputy Minister of Labour, Lester Pearson was for two decades a career diplomat and Under Secretary of State for External Affairs. Pierre Trudeau spent several years in the office of the Privy Council before returning to Quebec to expend his efforts on Cité Libre. Other examples of civil servants drawn into public life at the ministerial level include Leo Lafleche, the Minister of National War Services from 1942 to 1945, who had been Deputy Minister of National Defence from 1932-1939; C.D. Howe who had been Chief Engineer of the Board of Grain Commissioners for Canada during World War I; A.L. Macdonald, Premier of Nova Scotia several times and federal Minister of National Defence for Naval Services from 1940-1945, who had been Assistant Deputy Attorney General for Nova Scotia from 1921-1924. This Liberal practise continues to date with the recent example of the Minister of Communications, Pierre Juneau, appointed to the post after many years as chairman of the Canadian Radio and Television Commission.

Another tendency not noted too frequently among Conservative cabinet ministers has been the recruitment by Liberals of men with academic background either in law, history or related disciplines. This tendency may also have been started by Mackenzie King who himself held a Harvard PHD and who was offered the Deanship of the Harvard Graduate School of Business Administration. The other Liberal leaders since King have also had distinct academic careers. St-Laurent lectured in law at Laval and was offered but turned down a Rhodes Scholarship, Lester Pearson was a Lecturer, then Assistant Professor of History at the University of Toronto, Trudeau was a professor of Law at the University of Montreal. From the cabinets of 1935 to 1957, there are several examples of ministers with academic backgrounds.

Jack Pickersgill (another example of the civil servant who became a cabinet minister, holding various important posts in Ottawa from 1937 to 1953) had been a Lecturer in History at Wesley College, University of Manitoba from 1929 to 1937; Norman Rogers, Minister of Labour from 1935 to 1939, had been a Professor of History at Acadia (1922-1927) and a Professor of Political Science at Queens University from 1929 to 1935; Brooke Claxton, Minister of National Defence from 1946 to 1954, had been an Associate Professor of Commercial Law at McGill from 1930 to 1944; A.L. Macdonald had been a Lecturer at the Dalhousie Law School from 1922-1924 and Professor from 1924-1929; Milton F. Gregg, Minister of Labour from 1950-1957, had been President of the University of New Brunswick from 1944-1947.

In fact many of the Liberal ministers have had multiple careers spanning professional life, academic work, the civil service, and business. Thus for example, Lester Pearson (academics, civil service, politics, business), Jack Pickersgill (academics, civil service, politics, civil service) Paul Martin (academics, law practise, politics, business, diplomatic posting). Clement calls this pattern "elite switching".

With regard to business careers, there are the same patterns of those ministers with business careers before cabinet tenure, those who used the cabinet to amplify their business careers after, and those whose business careers start after their period in office. One also observes the same categories of regional baron, occasional director, professional director, and intensive executive. Because of the close linkages of the Liberals to large corporate capitalism in Canada, several ministers managed to build up fabulous business careers.

Three examples of the tycoon-minister whose business career was either started or amplified by politics include Charles Dunning, C.D. Howe and Robert Winters.

In October 1957, Macleans Magazine published a list of the biggest business tycoons of 1955-56. The list was compiled by adding up the assets controlled by companies on which the "tycoon" was sitting. By these criteria, Charles Dunning came out on top sitting as director on companies whose assets totalled $10.8 billion (Park, 1973:50). Charles Dunning also represents the most successful type of the occasional farm-labour representative recruited into the cabinet and who then builds up a business career.

Dunning had come from a farm background, an immigrant from Britain "with little formal education, little money and poor health" (Brennan, 1968:2). Dunning came to prominence because of the western hinterland farmers movement against monopoly capitalist exploitation. He first came to note in 1910 at the Saskatchewan Grain Growers Association meeting in Prince Albert. The following year Dunning was elected Vice-President of the SGGA. In 1911 he also became Secretary-Treasurer of the Saskatchewan Cooperative Elevator Company and in 1912 he was elected General Manager of the company. The Coop was an attempt by the farmer members of the SGGA to avoid monopoly capitalist control of the middle process of getting their grain to market.

It was Dunning's job as General Manager of the farmer owned Coop that made him well known throughout Canada. As Brennan puts it, "Many Vice-presidents of the Association, however, are lost to memory. Much more significant as a milestone for Dunning was his appointment as general manager of the Saskatchewan Cooperative Elevator Company. Not only did it help to establish him as a farm leader, it also gave him incomparable experience in business administration" (Brennan, 1968:208). On October 31, 1916 Dunning resigned from Sask Coop to join the Liberal provincial government of Premier Martin. He joined the provincial cabinet immediately as Provincial Treasurer and after holding several other ministerial posts, became Premier from 1922 to 1926.

During the 1920s the gravest threat to Mackenzie King seemed to be the Progressive party. The Progressive party represented farmer interests. In the 1921 election they won enough seats to have been Her Majesty's Loyal Opposition. However the party refused to accept this post. Mackenzie King believed that the natural home of the Progressives was in the fold of the Liberal party. Thus he successfully invited two key figures from the farmers movement to join his cabinet. The one was Charles Dunning who had become a stalwart Liberal provincial leader. The other was former Progressive party leader T.C. Crerar. Both Dunning and Crerar went on to enjoy significant business careers although there can be no real comparison on this point. Dunning, as pointed out, became one of Canada's leading business tycoons, Crerar became an occasional and then professional director.

The King strategy is thus revealed as similar to that of Robert Borden in attracting Gideon Robertson to his cabinet. When farm-labour ministers are recruited it is often a result of special political pressures. The farm-labour representatives recruited are carefully selected from the more conservative elements of their movements. A process of cooptation takes place to the extent that these former farm-labour leaders often commence business careers. Thus of Dunning, Brennan notes, "From the beginning he [Dunning] had tied himself and his fortunes to the Liberal party. He was no radical. He was — and the record was clear — a middle-of-the-road man, and a typical representative of low-tariff Laurier liberalism" (Brennan, 1968:209).

On entering federal politics, Dunning was appointed Minister of Railways and Canals, from 1926 to 1929. Just at the end of the 1920s, Dunning assumed the portfolio of Minister of Finance. Thus by the age of 45 Dunning had become one of the most successful politicians in the country holding one of the most important federal portfolios.

Dunning did not follow his party into opposition but during the next five years of the Depression he built up his business career. During this period from 1930-1935, Dunning became Vice-president then President of the Ontario Equitable Life and Accident Insurance Co, President of Maple Leaf Milling Co, Vice-president of Lucern-in-Quebec Community Assoc, Ltd, Director of Barclays Bank of Canada, of Canada Paper Co, of Fraser Companies Ltd, of Howard Smith Paper Mills.

On the return of Mackenzie King to power, Dunning reentered the cabinet as Minister of Finance and Receiver-General, from 1935-1939. After this second period in the federal cabinet, Dunning retired from politics. By 1944 he had acquired the following business connections:

THE BUSINESS CONNECTIONS OF CHARLES DUNNING, 1944
TABLE XII:

1 President, Ogilvie Flour Mills
2 Director, Bank of Montreal
3 Director, Sun Life Assurance Co of Canada
4 Director, Steel Co of Canada
5 Director, the C.P.R.
6 Director, The Bell Telephone Co of Canada
7 Director, The Royal Trust Co
8 Director, Hudsons Bay Co
9 Director, Canadian Investment Fund Ltd
10 Director, National Liberpool Insurance Co
11 Director, Liverpool and London and Globe Insurance Co
12 Director, Globe Indemnity Co of Canada
13 Director, The Consolidated Mining and Smelting Co of Canada
14 Director, Consolidated Paper Corp Ltd

Dunning remained one of Canada's top-rank businessmen until his death in 1958.

Before moving to a discussion of other tycoon ministers, let us look at the career of Thomas Crerar since except for the size of their post-political business careers, there is a distinct career similarity.

Crerar had had no university and was a farmer and rural school teacher. Like Dunning, Crerar came to prominence as a result of the western farmers movement. From 1907 to 1929, he was President of the Grain Growers Grain Co. He was also President of a number of other grain grower enterprises including the Grain Growers Export Co and the Grain Growers Guide Publishing Co. Sir Robert Borden invited Crerar to his cabinet as Minister of Agriculture.

During the early 1920s Crerar became the leader of the Progressive party but was identified with the right wing of his party, those progressives contented with an accomodation with the Liberals. By December 1929, Crerar was back in the cabinet, this time under King, as Minister of Railways and Canals. In 1930 Crerar was defeated and he became director of several companies including Great-West Life Assurance Co and of the Investment Foundation Ltd.

Back in Parliament after 1935, Crerar was Minister of Mines and Resources from 1936 to 1945. He was then called to the Senate where he sat from 1945 to 1966 when he resigned. After his appointment to the Senate Crerar accepted a number of other directorships including seats on the boards of Algoma Steel Corp, Modern Dairies, A.R. McNicol Ltd, Canada Steamship Lines Ltd, and the Eastern Trust Co. Crerar was Chairman of the advisory committee of Eastern Trust for several years in the early 1960s.

Crerar is thus another example of the cooptation by the federal political system of less radical members of the farm-labour movements, and of subsequent business careers after careers in politics.

To return to examples of the tycoon-politician, one of the most dominant was C.D. Howe. Howe was for 22 years a minister in the King and St-Laurent cabinets. For many years he was considered the senior English-speaking minister after the Prime Minister. During and just after the war, Howe held a number of portfolios connected with the war effort. Then from 1948-1957 he was Minister of Trade and Commerce and maintained his links with war portfolios as Minister of Defence Production from 1951 to 1957.

As is well-known Howe presided over the sell-out of Canadian industry. At the time he was praised for his efforts since it brought Canada short-term prosperity. Since his fall from politics Howe has been attacked by many nationalists or national Marxists. After his long stay in the Liberal cabinet, Howe had a business career along the same lines as Charles Dunning. However it was only of three years duration since death intervened in 1960.

As G.M. Mears has pointed out, Howe "was always a businessman who used the methods of big business, not of parliament" (1970:iv). He was a self-made millionaire who built up an engineering firm with a worldwide reputation after his stint in the civil service and before his career in politics.

Howe was born as an American in Massachusetts. He was a graduate of MIT who became a professor of Civil Engineering at Dalhousie University. Howe stayed at his university post for five years and then took out citizenship. After several years with the Board of Grain Commissioners, Howe went into private business setting up the firm of the C.D. Howe company. As Mears says, the business prospered. "By the time he entered politics Howe had built grain elevators, docks, bridges, and factories worth $125,000,000" (1970:3). Howe "earned a reputation as an expert in grain storage construction that was world wide. His last major contract was in Argentina in the early 1930s where he designed the great wheat terminals which now line the Buenos Airies waterfront" (p. 3).

When Howe decided to enter politics he was already well known. As with the case of Vincent Massey and other prominent businessmen who go into politics it was understood that Howe would not waste time as a backbencher. "There has been some suggestion that Mackenzie King had promised Howe a cabinet post if he ran for the party and it is unlikely that without such a promise, Howe would have been willing to become a backbencher" (Mears, 1970:5).

After Howe retired from politics in 1958 (defeated by CCF candidate and later journalist Douglas Fisher) be became a businessman of the top rank. Thus follows Table XIII showing Howe's business connections in 1959:

TABLE XIII: THE BUSINESS CONNECTIONS OF C.D. HOWE, 1959

1 Chairman, The Ogilvie Flour Mills Co
2 Chairman, Price Bros
3 Director, Bank of Montreal
4 National Trust Co
5 Director, RCA Victor Co
6 Director, Crown Life Insurance
7 Canadian Investment Fund Ltd
8 Director, Aluminium Ltd
9 Director, Atlas Steels Ltd
10 Dominion Tar and Chemical Co
11 Director, The Rio Tinto Mining Co of Canada
12 Director, Ocean Cement and Supplies Ltd
13 Director, Hollinger Consolidated Gold Mines Ltd
14 Director, Federal Grain Co
15 Director, Evans, Coleman and Gilley Bros Ltd
16 Director, Canadian Fund Inc

Another example of the tycoon-politician was Robert Winters. Winters' early political career was tied to Howe. Like Howe, Winters was trained as an engineer. He was the immediate successor of Howe in the portfolio of Reconstruction and Supply. Judy LaMarsh says of Winters, "Robert Winters looks like a Prime Minister — or a company president....He collected directorships the way some people collect old matchbook covers, and it was manifest that he had easily taken the giant step from 'Smiling Bob' the politician, to The Honourable Robert W. Winters, a real statesman of a businessman" (LaMarsh, 1970:332).

Like Howe, Winters had done his engineering studies at MIT. In 1934 at the age of 24 he joined the staff of Northern Electric Co in Montreal. After serving overseas in the war, Winters was elected an MP from Nova Scotia in 1945. After several appointments as Parliamentary Secretary he was appointed a minister while still in his 30s.

Defeated in the federal election of 1957, Winters went into a business career of first-rank status. During the 8-year period Winters became associated as director or executive officer for no less than 43 companies. Following in Table XIV are a number of these holdings, with his executive offices and his more important directorships listed:

TABLE XIV: THE BUSINESS CONNECTIONS OF ROBERT WINTERS, 1957-65

1 President, Rio Tinto Management Services Ltd
2 President, Rio Tinto Mining Co of Canada
3 President, Rio Tinto Dow Ltd
4 Vice-President, Tinto Holdings Ltd
5 Chairman, Preston Mines Ltd
6 President, Rio Algom Mines Ltd
7 Vice-president, Canadian Imperial Bank of Canada
8 Vice-president, Canada Permanent Toronto General Trust Co
9 Chairman, British Newfoundland Ltd
10 Chairman, Atlas Steel Co
11 Vice-president, Canada Permanent Trust Co
12 Chairman and President, Devon-Palmer Oils Ltd
13 Director, Crown Life Insurance Co
14 Director, Ford Motor Co of Canada Ltd
15 Director, Rothmans of Pall Mall Canada
16 Director, Algoma Steel Corp Ltd
17 Director, Power Corp
18 Director, The Bell Telephone Co of Canada
19 Director, I.B.M.

After building up this first-rank business career, Winters reentered federal politics in 1965, and in January 1966 was appointed to the portfolio of Trade and Commerce. His aim at his second period in politics may have been to win the Liberal leadership since it was obvious that Pearson would not be in office for an extended period. LaMarsh comments: "His race for the Leadership really began when he decided to re-enter politics. His decision to leave came when he could no longer realistically hope for it, not now nor in the future" (1970:334).

In 1968 Winters ran for the Liberal leadership but ran second after Trudeau. He then left politics again and began to rebuild his business career as President of Brazilian Light and Power Co (usually known then as Brazilian Traction and since then as Brascan). In this capacity with Brazilian Traction he ended up defending the Brazilian military-fascist government that had taken illegal power in 1964. The 1968 Annual Report message read: "The Brazilian Government has also demonstrated by word and deed its determination to foster policies under which private enterprise can flourish, recognizing that this sector of the economy is the source of revenues used to further the interests of all the people in Brazil." President from 1946 to 1963 and then Chairman for several years more had been Henry Borden, the nephew of Sir Robert Borden. In addition to his connection to Brazilian Traction, Winters also held directorships in Alcan Aluminium and the Aluminium Co of Canada as well as I.B.M. and several others.

Winters died in 1968 at the age of 58. His one main career failure had been his second place finish in 1968 to Pierre Trudeau.

As a final example of the tycoon-politician, let us look at the career of Pierre Trudeau's father-in-law, James Sinclair. Sinclair had received an excellent education at the University of British Columbia, Princeton, and then as a Rhodes Scholar at Oxford. He became a civil engineer at Vancouver and served for six years with the RCAF during World War II.

At the age of 32, in 1940, Sinclair was elected MP for Vancouver North. He held the riding until 1958 when he was defeated. For four years Sinclair acted as Parliamentary Assistant to the Minister of Finance, from 1949 to 1952. In October 1952 Sinclair was brought into the cabinet as Minister of

Fisheries. He held this post until 1957.

After his retirement from politics Sinclair began to build up a business career centred around Deeks-McBride, a shipping and towing company in Vancouver. He was president and then chairman during the 1960s. Sinclair also became heavily involved in the various Canadian and North American subsidiaries of the French MNE, Lafarge SA of France. In the early to mid 1960s Sinclair also began to accumulate a number of important directorships including the Bank of Montreal (1962), Sun Life Assurance (1962) and others. Thus he was an elite business figure in Canada long before the marriage of his daughter, Margaret, to Pierre Trudeau in 1970. Margaret was one of 6 daughters of James Sinclair. In 1974, Sinclair held the following business holdings:

THE BUSINESS CONNECTIONS OF JAMES SINCLAIR, 1974
TABLE XV:

1 Chairman, Lafarge Canada Ltd
2 Vice-president, Bank of Montreal - Dom.
3 Director, Sun Life Assurance - Dom.
4 Director, Alcan Aluminium Ltd - Dom.
5 Canadian Industries Ltd - Dom.
6 Canada Cement Lafarge Ltd - Dom.
7 Director, Cominco Ltd - Dom.

Source: Directory of Directors, 1975.

The category of tycoon-politician has been most noticable among cabinet ministers of the Liberal party. During an earlier period numerous tycoon-politicians could be found among the Conservatives — R.B. Bennett being a Prime example. In the later Diefenbaker years tycoon-politicians were less in evidence although one prominent example was Donald Fleming (after his defeat in politics Fleming became managing director of five Bank of Nova Scotia subsidiaries in the Caribbean and was chairman of Fiscal Investments Ltd). By tycoon-politician we have meant a politician who became a businessman who held important executive posts with the largest Canadian corporations including directorships or executive offices in the Canadian banks and other associated financial companies, and several directorships in prominent Canadian manufacturing or resource extraction concerns.

In Liberal cabinets there have also been numerous examples of the regional baron. The regional baron let us be reminded, is a businessman from hinterland areas who enters politics from the base of a family firm that he either builds up or has inherited. The regional baron often has little post-secondary education while in the metropolis university education has become a rule for decades. Because the predominant strength of the Liberals has been in metropolis areas, Liberals elected from hinterland regions have often had special claims to cabinet advancement.

For example when James Angus Mackinnon was appointed minister without portfolio in January of 1939, he was the only sitting Liberal from Alberta. Mackinnon became managing director and President of James A. Mackinnon Co Ltd, an insurance business set up in 1911. According to the Directory of Directors, Mackinnon was still managing director of the firm in 1957 when he was in his mid 70s.

After 16 months as Minister without Portfolio, Mackinnon was appointed Minister of Trade and Commerce a post he held until 1948. He stayed in the cabinet after he was appointed Senator in 1949 as a Minister without Portfolio, until December 1950.

In the 1950s sitting as a Senator, Mackinnon's business career became stronger — an example of the amplification effect. In addition to his own firm, Mackinnon became President of Dairy Supplies Ltd, a director of I.B.M., of Catelli Food Products, of the Leverage Fund of Canada, of Commonwealth International Corp, of Siscoe Mines Ltd, of Vulcan Oils, and of Canadian-

Montana Pipe Line Co.

Without a university education, Mackinnon is a good example of the regional baron whose career was aided by the paucity of Liberals in the hinterland. His career also illustrates the amplification effect.

Another example of the regional baron was George Prudham. Prudham was Mackinnon's successor in the riding of Edmonton West. Like Mackinnon he did not have a university education. Before his entry to politics Prudham had long been President of Prudham Construction Co, and as Mardon puts it, he was "a wealthy building supply dealer" (1972:56). Later Prudham also founded and was President of Prudham Building Supplies Ltd. As a result of his prominence in his business Prudham was elected President of a trade association, the National House Builders Association of Canada.

Elected MP in 1949, Prudham was briefly a Parliamentary Assistant and then from December 1950 to 1957 he acted as Minister of Mines and Technical Surveys. Mardons adds, without explanation, that Prudham "did not have a distinguished political career"[1] (1972:57). Prudham did not contest the election of 1957 but retired from politics. Prudham has continued to be an important businessman in the Edmonton area and owns a shopping centre under his own name.

Another western example of the regional baron was Robert W. Mayhew. Mayhew was already 68 when appointed Minister of Fisheries in 1948, a post he held until 1952. After his retirement from politics Mayhew was appointed Canadian ambassador to Japan.

Mayhew like Prudham and Mackinnon did not have a university education. He became a manufacturer at Victoria, British Columbia and was President of many regional companies such as Sidney Roofing and Paper Co, National Paper Box Ltd, Sydney Products Ltd, Vancouver Paper Box Co, and Fibrerock Insulation

Ltd. In 1963, aged 83, Mayhew was still director of Burnaby Paperboard Ltd.

Mayhew's political career began when he was 53 as Reeve for Oak Bay, British Columbia. He was MP for Victoria from November 1937 to 1952 when he resigned. After sitting as a backbencher from 1938 to 1945, King appointed Mayhew as Parliamentary Assistant to the Minister of Finance, a post he held until his entry to the cabinet in 1948.

Of course there were also many examples of the occasional director during the long Liberal regime of King and St-Laurent. Occasional directors are usually men in the liberal professions whose business career is not their life's work. Customarily distinction in their professional practise and especially elite institutional distinction won from their cabinet tenure allows mobility into the business world as director.

One prominent example of the occasional director from the King ministry was James L. Ilsley. Ilsley was a lawyer trained at the Dalhousie Law School. He practised at Halifax from 1916 (aged 22) until 1935. First elected to Parliament in 1926, Ilsley held the successive portfolios of National Revenue (1935-1940), Finance (1940-1946), Justice (1946-1948).

Ilsley then resigned from politics and went back to his legal practise. He became director of The Royal Bank of Canada, Canada's largest bank for the years 1948-49 and in 1949 he was chairman of the Montreal branch advisory board and director for The Toronto General Trusts Corp. After his retirement from politics Ilsley had entered law in Montreal with the firm of Ilsley, Duquet, and MacKay. In 1950 Ilsley had to resign his directorships since he was appointed Chief Justice of the Supreme Court of Nova Scotia. He died in office in January 1967.

Another prominent occasional director was Paul Martin. Martin practised law in Windsor, Ontario for many years after an academic career that spanned Canada, the United States (Harvard), Cambridge University, and the Geneva School of International Studies. Elected MP in his early 30s, Martin held avariety of cabinet posts from 1945 to 1972 especially the portfolio of National Health and Welfare from 1946-1957, and that of External Affairs from 1963-1968.

When the Liberals went out of office in 1957, Martin stayed in Parliament but he did sit for several years as a director for Acklands Ltd, from 1961 to 1963. With this exception Martin has remained entirely in the field of politics and diplomatic service (he is now serving as Canadian High Commissioner in London). However Martin's career, at the very peak of the Liberal party and with the leadership of the Liberals only wrenched from his hands in 1958 by the Novel Prize prestige of Lester Pearson, allowed him to enter the Canadian business and political elite.

His son, Paul E. Martin, has become (as of 1973) Vice-president of Power Corp and of Consolidated-Bathurst Ltd, as well as director of several other companies. As of 1974 Paul E. Martin was President of Canada Steamship Lines Ltd. All of the companies of which Paul E. Martin has been an executive have been affiliated with Power Co.

It is well-known that there are especially close ties between the Liberals and Power Corp. Clement says "The Power Corporation conglomerate has strong ties with the federal and Quebec Liberal parties which has prompted some questioning recently about the $10 received in federal grants by the company between 1968 and 1972" (Clement,1975:264). Clement proceeds to list the many connections and interrecruitment patterns of the state elite, the Liberals and the Power Corp (already mentioned in an earlier chapter is the fact that one of Trudeau's key backers for the Liberal leadership was Claude

Frenette, President of the Quebec Liberal Association and Vice-president of Power Corp and that the strategy sessions for the Trudeau leadership campaign were held at the board offices of the Power Corp in Montreal).

There have also been many examples of the intensive executive. The intensive executive is a politician who becomes an executive of a national-sized corporation after politics but does nor "rise" to the status of the tycoon-politician. His activities are, or seem to be, centred almost completely around the company for which he is an executive.

One prominent example of the intensive executive was Brooke Claxton. Claxton had had a career as Professor of Commercial Law at McGill (1930-1944) and as a corporate lawyer for Metropolitan Life Insurance Co, the Canadian Chamber of Commerce, the Montreal Board of Trade, and the Pullman Co (Greene, 1949-50:12). He became one of King's bright young favourites when he entered the ministry at age 46 as Minister of National Health and Welfare. Later, from 1946-1954, Claxton acted as Minister of National Defence. At the age of 56, Claxton left the St-Laurent cabinet and became Vice-president and general manager for his old company, Metropolitan Life Insurance Co.[2] He was director for two other companies, Montreal Trust and The Employers Liability Assurance Corp Ltd. Claxton died at the age of 86 in 1960 still Vice-president and General Manager.

Another example of the intensive executive has been Walter Harris. Harris, born in 1901, was Minister of Citizenship and Immigration from 1950-1954 and Minister of Finance from 1954-1957.

Harris was trained as a lawyer and practised at Markdale, Ontario with the firm Harris and Dunlop. While serving with the Armed Forces during the war, he was elected MP for Grey-Bruce at age 36. He continued as MP until his electoral defeat in 1957.

Since then Harris has come to business prominence with the Victoria and Grey Trust Co. First appointed as a director, he has successively acted as Vice-president, President, and Chairman. As of 1974 Harris was Chairman and Chief Executive Officer of Victoria and Grey Trust Co. He was also a director of Thomson Newspapers Ltd. In the past Harris was also a director of two or three other companies, but his business committments have remained firmly centred with Victoria and Grey.

There have also been examples of professional directors among the Liberal cabinet ministers of the period 1935-1957. For the purposes of definition we have considered as professional directors any cabinet minister who has come to sit on four or more boards of directors at the same time. A professional director thus earns a considerable income and spends a good deal of his time on his directorial duties.

One example has been Lionel Chevrier. Born in 1903, Chevrier was Minister of Transport from 1945-1954. Later under Pearson he was Minister of Justice in 1963-64. Chevrier has held several non-elective jobs dependent on political patronage. From 1954 to 1957 he was President of the St Lawrence Seaway Authority, from 1964-1967, High Commissioner to the United Kingdom, and from 1966 onwards he was Commissioner-General for State Visits.

Chevrier came from Eastern Ontario and was trained as a lawyer. He practised at Cornwall with the firm of Chevrier and Lachford. The firm also had some legal work in Montreal. Chevrier's business inclinations were shown by his period as Secretary of the Cornwall Board of Trade from 1928 to 1934.

Aged 32, Chevrier was elected MP for Stormont in 1935 and held the seat until 1957. In 1957 he sat as MP for Laurier-Montreal and remained in Parliament until 1964.

Chevrier had a first business career as an occasional director on the borderline of the professional director category from 1960 to 1962. At this time he sat as director for three companies, The Provincial Bank of Canada, Canada General Fund Ltd, and The North American Fund of Canada Ltd. A second business career has extended from 1969 to the present. During this time Chevrier has held at least four directorships and in 1974 he had the following business connections: Maritime Agency, Marine Industries, National Drug and Chemical Co of Canada, M. Loeb Ltd, and the Windsor Hotel of Montreal. In 1974 Chevrier became an executive by assuming the Presidentship of Quebecair, a regional air company. Marine Industries of which Chevrier has been director since 1969, is one of the key companies of the Simard business empire, the Simards being the in-laws of Quebec Premier, Robert Bourassa.

Chevrier's career illustrates several points. The cabinet minister involved in a business career may have several such careers of different size. Chevrier began as an occasional director while still an MP, became a professional director later after politics, and has since become an executive. His career points out that professional directors often are lawyers or other professionals who retain their own firms. As of 1974, Chevrier was associated with the law firm of Geoffrion and Prud-Homme of Montreal.

THE PEARSON AND TRUDEAU CABINETS

At least since the beginning of this study, the interrecruitment patterns and career lines of cabinet ministers have changed very little. The faces change as outgoing cabinet ministers die, retire, are raised to the Bench or to various civil service or political appointments, as others take up various types of business careers. However it seems a constant that between 60 to 70 per cent of cabinet ministers have business careers either before or after their cabinet tenure. Given the sorts of business careers under discussion (either directorships or executive offices) this is far disproportionate to the general distribution.

With an aging team which was not used to opposition going down to defeat in 1957, and after six years in the Opposition Benches, there were inevitably many changeovers after Pearson managed to wrench power in 1963 from the faltering Diefenbaker government. Scandals increased the number of exits and of entries since the period of 1964 to 1967 brought to light more scandals concerning both the Pearson and Conservative governments than had been the case for many decades.

The key French Canadian minister of the Pearson government before the arrival of Marchand, Trudeau, and Pelletier was Guy Favreau. Although not directly implicated he was accused of poor judgment in the Rivard Affair (which is summarized in Judy LaMarsh's book). In his own person Favreau personified a prominent Liberal type — a man with academic background, from a training in the law, and with civil service experience, who before his cabinet tenure joined a prominent Montreal firm and became an occasional director.

Favreau was born in 1917 and was educated at the University of Montreal. He was called to the bar in 1940. In 1951 he became a Lecturer in the Faculty of Law at the University of Montreal. In 1953 he was appointed Lecturer in Civil Law and Procedure at the University of Ottawa, a post he held until 1960. Favreau had been in Ottawa in the early 1950s when he was a member of the Restrictive Trade Practises Commission in 1952. Later he was appointed the Associate Deputy Minister of Justice where he served from 1955-1960. In this position he served under Justice Minister Davie Fulton and according to LaMarsh, Fulton admired Favreau as "a man of honour, inte grity, and ability" (LaMarsh, 1970:135). Suffering from bad health, he turned down offers to stay in Ottawa and joined "a well respected Montreal law firm" (LaMarsh, 1970:136) — Howard, Cote, Ogilvy, Bishop, Tope, Proteous, and Hansard.

It was at this time that Favreau was an occasional director, serving on the board of Crawley and McCracken Co Ltd. He was listed as director for the year 1962 by the Directory of Directors.

Although not known to Pearson, Favreau quickly gained esteem after he was elected MP in 1963. Immediately he was appointed Minister of Citisenship and Immigration, then in 1964 and 1965 he acted as Minister of Justice. He also was appointed Quebec Liberal Leader (the Liberals maintain a separate organizational structure in Quebec). Later he served as President of the Privy Council and Registrar General.

Because of the Rivard scandal and because of ill health Favreau resigned and was appointed Judge of the Superior Court of Quebec by Pearson on April 1967. However he died the same year. Admired by many, Favreau had enjoyed a quick rise and then a fast descent as a side effect of the scandal-ridden Pearson period.

Another example of the professional occasional director was William Benedickson. Benedickson was a lawyer in Kenora, Ontario and in Manitoba. For many years he was a labour lawyer, solicitor for the Kenora Trades and Labour Council. However he married into Canadian corporate wealth as he wedded a daughter of James A. Richardson. An MP for Kenora from 1949 to 1965, Benedickson, served as Parliamentary Assistant to the Minister of Transport from 1950 to 1953, and in the same capacity to the Minister of Finance from 1953 to 1957.

When Pearson came to power, Benedickson was immediately appointed

Minister of Mines and Technical Surveys where he stayed from 1963 to July 1965. At the age of 54, he then retired from politics as he was called to the Senate.

Since 1967, Benedickson has been a Director of Steep Rock Iron Mines. This was a directorship appointment apparently related to Benedickson's cabinet tenure. Steep Rock Iron Mines is one of the major mining firms in northwestern Ontario and is listed as middle-range by Clement.

Another example of the Liberal professional with academic background and experience as a professional director has been John Connolly. Connolly went to university at Queens, the University of Ottawa, and the University of Montreal. As a young man, from age 22 to 25 (1928-1931) he served as an Assistant Professor of Philosophy at Notre Dame University. He came back to Canada, took his law degree at the University of Montreal, and qualified for practise in both Quebec and Ontario.

During the war, Connolly served as Executive Assistant to the Minister of National Defence for Naval Services, from 1941 to 1945. Then he was called to the Senate in 1953. From 1961 to 1964 he acted as President of the National Liberal Federation, 1961-1864. Connolly then joined the cabinet as Minister without Portfolio and Government Leader in the Senate. Connolly has had two business careers, the first in the early 1960s and the second in the 1960s and 1970s. During the first period he verged on the professional director status with a seat on the boards of Halifax Insurance, The Commercial Life Assurance Co of Canada, and M.J. O'Brien Ltd. In 1963 when he assumed cabinet rank Connolly dropped these holdings. Since 1968 to the present he has been a Director of Scott, Mistener, Steamships Ltd.

A more recent example of the professional occasional director has been Joe Greene. Greene was a lawyer from Eastern Ontario who set up practise in

Renfrew. He represented Renfrew from 1963 to 1968, and Niagara (Judy LaMarsh's former riding) from 1968 to 1972. He moved to Niagara since there were fears he would lose his seat in 1968. He had contested the Liberal leadership in Ontario but lost. In 1965 Pearson took Greene into his cabinet as Minister of Agriculture. This appointment was apparently based on two criteria: that Greene came from a rural area and that he had a "folksy" Lincolnesque reputation. In 1968 Greene became Minister of Energy, Mines and Resources, a post he held until 1972. Then he was appointed to the Senate, at age 52.

Shortly thereafter Greene was appointed Director of Petrofina, Canada Ltd, a Belgian-controlled dominant oil and gas corporation. As with Benedickson, this is another example where the business appointment "matched" the ex-politician's former cabinet portfolio.

Not unsimilar to George Hees there have also been examples of cabinet ministe[illegible] from the metropolis areas who have joined successful family firms. A prominent example in the Pearson cabinet was Walter Gordon. Gordon, educated at a ruling class private school (Upper Canada College), went for his university training to Royal Military College. He was a partner in the family firm of Clarkson, Gordon, chartered accountants, from 1935-1963. He was also a partner in Woods, Gordon and Co, management consultants, from 1940-1963. Gordon was also President of Canadian Corporate Management Co, and Managing Director, then President, of J.D. Woods and Gordon Co. As Denis Smith quotes "one of his closest political advisers....Walter Gordon was 'an old Toronto wasp....born with a silver adding machine in his hands'" (Smith, 1974:17).

During the war, Gordon served as special Assistant to the Deputy Minister of Finance from 1940-1942. He had also assisted in the Foreign Exchange Control Board. He also served on a number of other government committees, as Chairman of the Royal Commission on Administrative Classification in the Public Service (1946) and as Chairman of the Royal Commission on Canada's Economic Prospects, 1955-1958.

Gordon had contacts with the Liberals, noticeably with Lester Pearson. Gordon was responsible for arranging an annuity for Pearson when he went into politics (Smith, 1974:28). During the 1950s there was a chance for Gordon to join the St-Laurent cabinet. Says Smith, "Gordon was a member of the inner circle of consultants to the Liberal government, moving with ease between Wellington Street in Toronto and the East Block in Ottawa" (1974:29). With Pearson's backing, Gordon considered the possibility of entering politics but only if he would obtain a senior portfolio. St-Laurent was able to offer a junior post in the cabinet but not a senior place. Gordon stayed out of politics until his long-time friend became party leader.

With Pearson as leader, Gordon was elected Liberal MP from Toronto. His stormy stay in the cabinet is a story well known: he was overly nationalist for the Liberal government of the times. Although a friend of Pearson's, he was at odds over the question of the sell-out of Canada to the United States. Gordon was Minister of Finance from 1963 to 1965 but resigned after strong criticism of nis nationalistic budget measures and the failure of the Liberals to win a clear majority after the 1965 election had been called on his advice. During 1966, Gordon stayed out of the cabinet but in 1967 he was called back by Pearson to serve as Minister without Portfolio and then as President of the Privy Council. He resigned from the cabinet a second time in March 1968.

Since his retirement from the cabinet, Gordon has retired to his own management consultant firm, Canadian Corporate Management Ltd as Chairman.

He has also been a Director of the middle range Toronto Star Ltd from 1970 to the present. Gordon's career most clearly represents the contradiction between the nationalistic wing of the Canadian bourgeoisie and its comprador wing. Representing these two fractions respectively, the personal friendship of Gordon and Pearson was shattered as a result.

In most cabinets there are examples of men who become local or regional businessmen before their cabinet tenure who did not have the aid of a family firm. One example in this category was Paul Hellyer. Hellyer had a successful political career dating from an early age, which ended at least temporarily in 1974 when as a Conservative, he went down to defeat.

Born in 1923, Hellyer received a diploma in Aeronautical Engineering in 1941. He became a draftsman and then spent the last two years of the war in the RCAF and Corps of Engineers.

During the post-war period Hellyer began to build up a business career as Proprietor of Mari-Jane Fashions of Toronto, as President of Curran-Hall Ltd, builders and contractors, and as President of Trepil Realty. At the young age of 26, Hellyer was elected to Parliament. In 1956 and 1957 he acted as Parliamentary Assistant to the Minister of National Defence. Then for a very brief period, aged 34, he acted as Associate Minister of National Defence in the dying months of the St-Laurent government.

During the Pearson years Hellyer became well-known as Minister of National Defence because of his plans for the unification of the Armed Forces. He ran in the Liberal Leadership Campaign of 1968 and was very ambitious for the post. He continued to serve in the Trudeau cabinet as Minister for Housing but resigned from the cabinet in 1969 over protest on the government's housing inaction. He resigned from the Liberals in 1971, and as with J.H. Stevens, organized a small party, Action Canada, which was supposed to appeal to small businessmen. Later he joined the Conservatives and won a seat in 1972.

Another example of the small businessman who enters the cabinet has been Bryce Mackasey. Mackasey came from a working class background. He himself was educated at McGill and Sir George Williams Universities. He then became a manufacturer at Verdun and was President of Trenmore Printing, Trophies, and Sporting Goods. During the Pearson years Mackasey was Parliamentary Secretary to the Minister of Health and of Labour. He joined the Trudeau cabinet as Minister of Labour from 1968-1972 where he gained a reputation as a cabinet leftwinger for seeking to protect workers from elimination by technological change. For these pains he was removed from the cabinet after the 1972 election. After a period of mortification as a backbencher, he was brought back into the Liberal government as Postmaster-General. Here he has been prominent in moves to constrain postal workers in their bids for salary increases. Thus he has regained his seat in the cabinet by shedding his "radical" and "maverick" image.

As noted earlier there has been a constant trend since Mackenzie King for Liberals to have a prominent background in civil service occupations before they enter politics. Several of these ministers have also had prominent business careers. One of the best known examples of these "civil service" Liberals has been Mithcell Sharp.

Born in 1911, Sharp was educated at the University of Manitoba and the London School of Economics. Prior to 1942 he worked with James Richardson and Sons, the company owned by the Richardson family. Sharp then went into the civil service as Director of Economic Policy Division, Department of Finance, from 1942-1951. Until the fall of the Liberal government, Sharp then held the position of Associate Deputy Minister of Trade and Commerce.

When the liberal government fell, Sharp left the civil service and during the Diefenbaker years was Vice-president of Brazilian Traction, Light and Power Co. He also acted as a Director for Montreal Shipping Co. Sharp was an executive with Brazilian Traction at a time when the company's fortunes were at a low ebb. The Brazilian President of the day represented a left social democratic faction and refused a number of price increases. After the military coup of 1964, the situation changed and since then this Canadian-controlled MNE has gone to profits over $100 millions per year.

Sharp's political career started in 1962 when he ran as a Liberal but was defeated. In 1963 he was elected MP for a Toronto riding. Since then he has held a variety of important cabinet posts including Trade and Commerce (1963-1965), Finance and Receiver-General (1965-1968) and Minister of State for External Affairs (1968-1974). Sharp ran for the Liberal leadership in 1968 but withdrew before the date of the convention to cast his lot on behalf of P.E. Trudeau.

Another Liberal cabinet minister who worked for the Canadian government, then for Brazilian Traction, and finally as a member of the Liberal cabinet was J.R. Nicholson.

Born in 1901, Nicholson attended the Dalhousie Law School. He moved west to Vancouver and practised law there from 1924 to 1941. He served for several years as Captain in a batallion but in 1941 was appointed Deputy Controller of Supplies for the Department of Munition and Supply. Then in 1942 Nicholson began a career with the Polymer Corp. Polymer Corp was a Canadian government owned corporation which built rubber and petrochemical products for the war effort. After the war the government kept control of the company and it is now one of the acquisitions of the Canadian Development Corporation. Thus Nicholson received his background in business initially from Canada's "public ownership culture" as Herschel Hardin (1975) has called it. From 1943-1947, he was Managing Director, and from 1947-1951 Executive Vice-president.

During the 1950s Nicholson joined Brazilian Traction as Vice-president and Managing Director from 1951-1956. He also was Executive Vice-president of a Brazilian subsidiary, Companhia Brasileira Administrado de Servicos Technicos. In 1956 Nicholson quit the company and became a lawyer with Guild, Nicholson, Yule, Schmidt, Lane and Collier. He did not give up business connections since he was President, 1960-61, for the Council of The Forest Industries of B.C. At this period Nicholson was also a Director of Catalytic Construction of Canada Ltd.

In 1962 Nicholson was elected MP for Vancouver Centre and he held the seat until 1968. He was immediately appointed Minister of Forestry by Pearson although he did not have previous legislative experience. In 1964 Nicholson was appointed Postmaster General, and from December 1965 to April 1968 he was Minister of Labour. From July 1968 to February 1973 Nicholson was Lieutenant-Governor for British Columbia. Since his retirement from this vice-regal position Nicholson has been a Director of middle range Crestbrook Forest Industries, Inexco Oil (Canada) Ltd, and of Weyerhaeuser Canada Ltd.

Yet another example of the Liberal cabinet minister with a background in the civil service and in business before entry into politics has been C.M. Drury. Born in 1912, Drury attended a private school and then Royal Military College, McGill, where he received a B.C.L., and the University of Paris. From 1936 to 1939 Drury practised law in Montreal and during the war years was in the Canadian Army attaining the rank of Brigadier General. Then followed a career in the civil service, first as Chief of the UNRRA

Mission to Warsaw from 1945 to 1947, then as a member of the department of External Affairs. Finally from 1949-1955 Drury was Deputy Minister of National Defence.

Drury then left the civil service for a career in business. He became President of Provincial Transport Co, the Regent Fund Ltd, Avis Transport of Canada Ltd, and of Needco Frigistors Ltd. For the year 1961 he was President of the Montreal Board of Trade. Drury was also Vice-president of The Foundation Co of Canada, and director of a number of companies.

Since 1962 Drury has been an MP from Montreal and has served as Minister of Defence Production, of Industry, and as President of the Treasury Board. Drury's brother, Chipman, also went into business and as of 1974 was Chairman of Guardian Insurance Co of Canada, and of Montreal Life Insurance Co.

There have of course been many examples of the intensive executive among the Pearson-Trudeau ministers. The "intensive executive" let us remember is usually a professional before entry to the cabinet, without business connections or with a small business portfolio, who either gains a business career at the executive level or has his business involvement amplified as a result of cabinet prestige transferability.

One example of this type in the Pearson-Trudeau cabinets was Jean-Luc Pepin. Pepin was educated at the University of Ottawa and the University of Paris. Like many Liberal cabinet ministers, Pepin had an academic background since he was Professor of Political Science and Economics at the University of Ottawa. For a while he was also a civil servant in the capacity of Representative of the National Film Board at London from 1956-58.

From 1963 to 1972 Pepin sat as MP for Drummond-Athabaska in the Eastern Townships of Quebec. He held a number of Portfolios from 1965 on, as Minister without Portfolio, as Minister of Mines and Technical Surveys, as Minister of Energy, Mines, and Resources, and from 1968 to 1972 as Minister of Industry, Trade, and Commerce.

Since his defeat in 1972 at the hands of a Creditiste, Pepin has built up an important business portfolio that may soon be of the tycoon-politician standard. He is President of Interimco "a group of consultants for international trade" (TGM, June 12, 1975). Pepin's directorships include seats on the boards of dominant Power Corporation (1973-), Bombardier (1973-), middle range Westinghouse Canada Ltd (1973-), Canada Steamship Lines (1973-), middle range Celanese Canada (1973-), Collins Radio Co of Canada (1974-), Dominant Credit Foncier Franco-Canadian (1975-), and Sidbec and Sidbec-Dosco (1975-).

Another example of the intensive-executive from the Pearson years was Maurice Sauve. Sauve, born in 1923, received his PHD from the London School of Economics after obtaining a law degree from the University of Montreal. He became a professional economist, was an organizer with the CNTU, and became Assistant Secretary of Walter Gordon's Royal Commission on Canada's Economic Prospects in 1955.

In 1962 Sauve was elected MP from a rural riding, Iles-de-la-Madeleine. From 1964 to 1968 Sauve was Minister of Forestry and of Rural Development. Defeated in 1968 he became Vice-president and Assistant to the President of dominant Consolidated-Bathurst, a power affiliate. In 1975 Sauve became Vice-president, administration for the company. From 1969 to date Sauve has been a director of BP Canada, and from 1973 of Benson and Hedges (Canada) Ltd. His wife, Jeanne Sauve, at present the one woman in the Trudeau cabinet and a former well-known Quebec journalist, was a Director of Bushnell Communications Ltd (Clement, 1975:305).

As indicated in the paragraph above, business and political holdings tend to run in the same kinships networks. We have seen uncle-nephew relationships (Robert Borden-Henry Borden), husband-wife relationships (Maurice and Jeanne Sauve), Brother relationships (C.M. Drury-Chipman Drury), father-son relationships (Paul and Paul M. Martin). Perhaps the clearest example of such kinship ties at the elite level of business and politics has been that of the Richardson family. Richardson's career is also an example of the member of the elite business family who enters politics. Born in 1922, James Richardson is a member of a Canadian business family with a fortune estimated at $700 million. Says Marci McDonald, "at last count there was one of the country's largest retail investment houses, 520 grain elevators, three wheat terminals, with a capacity of 18 million bushels, an insurance company, countless feed firms, shipping lines and pipelines" as well as the Richardson building in Winnipeg, a 32 story skyscraper (McDonald, March 1975:48).

Richardson's father died in 1939 and his mother took over as President of the main family company, James Richardson and Sons, until 1966. However by 1963 at the age of 40 Richardson had acquired a business portfolio which included seats on some 20 boards.

These are shown in Table XVI

(on next page)

BUSINESS CONNECTIONS OF JAMES RICHARDSON IN 1963
TABLE XVI:

1 Parter, James Richardson and Sons
2 President, James Richardson and Sons, New York
3 President, Armstrong and Taylor Ltd
4 Director, Hudson's Bay Co
5 Director, Canadian Imperial Bank of Commerce
6 Director, Hudsons Bay Oil and Gas Co
7 Director, Pioneer Grain Co
8 Director, Eastern Terminals Elevator Co
9 Director, Topnotch Feeds Ltd
10 Director, Buckerfields Ltd
11 Director, The Canadian Indemnity Co
12 Director, United Canadian Shares Ltd
13 Director, Investors Syndicate of Canada
14 Director, Investors Mutual of Canada
15 Investors Growth Fund of Canada Ltd
16 Investors International Mutual Fund Ltd
17 Member, Winnipeg Ad. Bd. Royal Trust Co

As Richardson was quoted as saying, "I'd been around every other big corporate table — Hudson's Bay, the oldest in Canada, Inco, one of the most profitable, Investors Group, the largest mutual fund, the Canadian Imperial Bank of Commerce, the CPR." Thus it was natural that James Richardson got interested in politics. Having sat on all the largest corporate boards in Canada, he wanted to sit in the cabinet "the ultimate board of directors, as it were" (McDonald, March 1975:48).

As is usual with notable businessmen and members of the corporate elite, Richardson was given a cabinet position immediately on his entry into politics. As Methuen writes, "Within eight weeks of the election, he was appointed Minister without Portfolio". Methuen had also noted that Richardson at the age of 32, had been "the youngest director ever of the bank" (Methuen, 1970:91). In August 1968 Richardson was given responsibilities in the Transport department. In May 1969 he was appointed Minister of Supply and Services and since then he has sat for a number of years as Minister of Defence.

Since Richardson's entry to politics his brother George has become the dominant Richardson in business. George Richardson is President, Chairman, or Vice-president of 19 companies as of 1974. These included his Presidency of dominant James Richardson and Sons, and his position as Vice-president of the dominant Canadian Imperial Bank of Commerce. George is also a Governor of dominant Hudsons Bay Co and a Director of dominant International Nickel Co.

Thus the Richardson family,as with the example of the Drury family, shows how business and political careers can be carried on in tandem between brothers. Since business careers must be shelved while a member of the cabinet, the family business may be carried by other members of the family.

The professional director is a recurrent type in Canadian federal politics, a role not restricted to but particularly congenial to Senators. One example from the Pearson cabinet was Harry Hays. Hays had been a businessman from an early age. Born in 1909 he became President of Hays Farms Ltd in Ontario during 1945 and earlier had held the post of President of Hays and Co from 1943, in Alberta. After a career as auctioneer and cattle exporter, Hays started his political career as Mayor of Calgary from 1959-1963.

Elected as MP from Calgary South in 1963, Hays was immediately appointed Minister of Agriculture and served until December 1965. However in the 1965 election Hays was defeated. As a balm for his defeat Hays was appointed to the Senate in February 1966 and since the late 1960s he has built up a portfolio of Directorships, which in 1972, included seats on the boards of 7 companies. As of 1974, Hays sat as Director for Burritt Travel Service, Canada Permanent Trust Co, dominant Canada Permanent Mortgage Corp, the dominant affiliate Home Oil and of Lake side Cattle Co.

There are a number of reasons and causes why the ratio of business connections is not even higher than it is. These include: scandal, maverick behaviour, death, and business-exclusive judicial or civil service appointments. For maverick behaviour the case of C.G. Power is a good example. Power himself was the son of a businessman, of the "regional baron" variety. Power's father was President of Riviere Quelle Pupl and Lumber Co and of W and J Sharples. He was MP from 1902-1908 and from 1911-1917.

Power took over the riding from his father in 1917 and held it continuously until 1955. "Chubby Power" did not follow his father into business but became a lawyer-politician. From 1935-1944 he held numerous seats in the Liberal cabinet but broke with the government over the imposition of conscription. Although of an Irish Canadian family, Power had taken his law degree at Laval and had adopted many of the attitudes of a Liberal Catholic French Canadian. In 1948 Power decided to run for the Liberal leadership. He knew his suit was probably hopeless but he hoped to represent the generally more left wing of the party against St-Laurent. At this juncture Sir James Dunn, owner and President of the Algoma Steel Co, arranged to back him. Dunn was having a conflict with C.D. Howe over restrictions on the export of steel to Britain. C.D. Howe was close to St-Laurent and thus Dunn wished to support a candidate without connections to Howe.

However eventually the quarrel between Howe and Dunn was patched up and at this time Dunn wished Power to withdraw from the Leadership race. Power would not. Dunn offered him a Directorship with Algoma Steel and other business enticements if Power would drop out. Power decided to stay in, came a miserable last in the convention, and never sat on a Board of Directors, even after his appointment to the Senate by a forgiving St-Laurent in 1955 (Power, 1968:).

Examples of cabinet ministers retiring to the civil service include J. Watson MacNaught, Solicitor General from 1963-1965, who retired as Chairman of the Dominion Coal Board in 1966 after his defeat in 1965, or Jack Pickersgill's retirement to a job as Chairman of the Canadian Transportation Commission, a position created by himself while Minister of Transport. Many cabinet ministers who are lawyers wish to retire to the Bench. An example from the Pearson cabinet was Larry Pennell, Solicitor General from 1965 to 1968, who was appointed Justice of the Supreme Court of Ontario. Unlike the Senate where sitting members may enjoy substantial business careers such judgships or civil service posts preclude business portfolios.

Over an extended period of time, from 1936 to the present, we have seen that considerable interrecruitment between the political and business sectors is carried on. Between 60 and 70 per cent of any cabinet engage in a business career, either before or after their tenure. About 25 per cent of cabinet ministers have business careers before their cabinet tenure, the remaining after. For those cabinet ministers with business careers before their stay in the cabinet, we can observe the effect of amplification.

We have also observed what Clement has termed "elite switching". Thus cabinet ministers pass back and forth between the civil service, the liberal professions, academe, politics, and the business world. Elite switching has been particularly characteristic of Liberals, perhaps because of their greater electoral success. However to a lesser extent elite switching is also observable among the Conservative cabinets. Liberals have shown a greater proclivity to recruit cabinet ministers from a civil service or academic backgrounds.

As shown in this chapter, politics is one form of entry to top rank business careers. A successful career in the cabinet tempered by a "moderate conservative" attitude (to use Albinsky's term) may result in a business career at the very peaks of the Canadian corporate structure. These careers are typical of the tycoon-politician or the more successful examples of the intensive executive. Presently many observers are waiting to see the contours of John Turner's career since his resignation from the cabinet in September 1975. There is little doubt that he could become an example of the tycoon-politician if he wishes. The October, 1975 edition of Macleans wrote that Turner has already been offered the Presidency of Imasco Corp. It will be interesting to see if Turner becomes a Howe, a Winters, a Sinclair, a Richardson, a Drury, a Hamilton, or a Dunning.[3]

NOTES

1 Pickersgill supports Mardon, calling Prudham "a weak minister" (1975: 321).

2 According to Pickersgill, Claxton;s father had had "a life-long connection" with Metropolitan Life (Pickersgill, 1975:215).

3 Since this chapter was written, John Turner's ascension into the Canadian corporate elite has begun. In March 1976 he joined the boards of the dominant companies Canadian Pacific Ltd and of Crown Life Insurance. He also sits as Director for the Canadian Investment Fund Ltd and of Canadian Fund Inc. Relating back to Chapter III and looking ahead to Chapter VIII, both chapters which emphasize the hinterland relationship of Canada to the United States, it is important to note the message which accompanies the announcement of Turner's election to the latter two companies. "Canadian Investment Fund, Ltd is Canada's original mutual fund, and Canadian Fund, Inc, is the first mutual fund formed in the U.S. to invest in Canada." (Toronto Globe and Mail, 10 March 1976). Thus Turner's appointments reflect both the association in general between the Canadian government elite and capitalist business, and also the subordination of Canada to imperialist superordination.

CHAPTER VII: THE SENATE

In comparison with the members of elected bodies, there has been less doubt expressed about the linkages between the Canadian Senate and the business sector. The very founding of the Senate was due to distrust of democracy by Canadian politicians who wished to provide a chamber where property might be represented without the owners of such property being subjected to the vagaries of election. Cartier, Macdonald's French-Canadian lieutenant, declared, "The weak point in democratic institutions is the leaving of all power in the hands of the popular element. The history of the past proves this is an evil. In order that institutions may be stable and work harmoniously there must be a power of resistance to oppose the democratic element" (Mackay, 1963:47).

Thus at the time the Senate was created a property qualification of $4000 was inserted as a requirement as was the possession of $4000 in cash above that. Mackay points out that there were arguments made on behalf of a higher figure but this was opposed by the poorer provinces of Newfoundland and Prince Edward Island. Still, as Mackay says: "In 1864 this figure represented a substantial, if not a great, stake in the community" (1963:48). Kunz reiterates Mackay when he says that, "Second chambers have traditionally been looked upon as the structural manifestation of conservative principles and their development as an integral part of the story of conservatism itself" (Kunz, 1967:3).

In the recruitment of Senators, Prime Ministers have generally followed the pattern of appointing male professionals and businessmen of at least middle age. For example, Kunz's Table VII shows that of the 308 members sitting between 1925 and 1963 only 2, or 0.6 per cent, were representatives of labour. As opposed to this 62.4 per cent had come from the fields of law, manufacturing, commerce, or finance and banking (Kunz, 1967:66).

Kunz remarks on this pattern of representation in the Senate by noting as "a sad fact" that "the percentage of the military in the membership of one of the houses of Parliament should be twice as high as the percentage of wage-earners" (1967:67).

The Senators studied by Kunz are also better educated than the Canadian average since 64 per cent of the 308 held a university degree. Of the Senators appointed before 1925 still sitting after 1925, some 52 per cent held university degrees. Since then the figures have been higher although there was a fairly high discrepancy between St. Laurent's appointments (63 per cent with a university education) and those of John Diefenbaker. Despite his reputation for closeness to the common people, 80 per cent of the Senators appointed by Diefenbaker held university degrees.

As for age, Kunz found the average age of appointment to be 58. There is a turnover of about five places per year as Senators die or retire. For the last ten years, since 1965, there has been a mandatory retirement age of 75. Until that time, Senators could hold office until their death, and the presence of octagenarian Senators who had become feeble or senile lost for the Senate much of its respect.

As in other branches of the Canadian political system, women are greatly underrepresented in the Senate. Indeed there were no women Senators until 1930 since it was not until 1929 that a court decision ascertained that women were "persons" for the purposes of Senate appointment. On Valentine's Day, 1930, Mrs. Cairine Mackay Wilson, the daughter of a former businessman-Senator, was summoned as the first female appointment. Until 1963, a total of eight women had been appointed, thus forming 2.6 per cent of appointments from 1925 to 1963. Women continue to be appointed though they are still very much the minority, with less than 10 per cent representation. (In 1973, of 95 Senators, seven or 7.4 per cent, were women.)

We have said earlier that the Senate was intended to represent the interests of property against those without property. In the minds of Victorian Liberal-Conservative politicians, democracy was a mixed blessing. According to their statements, there was no room for the "pluralistic" opinions of modern social scientists. Such politicians avowedly supported the place of property in the political system, and feared the impact of those without property on the political system. As C.B. Macpherson noted, full acceptance by politicians of electoral democracy has only been a feature of the last fifty years.

The Senate still tends to reflect the property element as originally planned by the founders of the Senate. In a recent study, Colin Campbell found that "a very large proportion of members are business elites": the Senators held an average of 2.62 directorships "in key Canadian firms and banks" (Campbell, 1973:79). Back in 1945, McGregor Dawson had found that 40 of 95 (42 per cent) sitting Senators held directorships at that time.

It was found earlier that 64 per cent of Senators over four decades have been lawyers or businessmen. This figure closely parallels that of Senators who have business careers over the period of their career. At one time about 30-45 per cent of Senators are sitting as Directors or Executives. However, one must take into account those Senators who were businessmen in the past but who are not active, and those Senators who are new to the Chamber and who have not built up their business portfolios at the time of surveyance. When these precautions are taken, it is found that about two-thirds (66 per cent) of Senators have business careers at one time or another in their lives.

Porter has also emphasized the business connections of Senators since he pointed out in The Vertical Mosaic that in 1952, "There were 17 senators (all Liberals), or about one-fourth of the membership of the Upper House (1952) in the economic elite. Altogether, twenty-six of the dominant corporations, four banks, and three of the life insurance had this direct 'representation' in Parliament" (Porter, 1968:298). Porter points out in a tentative manner that the Senate "is perhaps the main institutional link between economic and political power" (p. 198). This close association between the Senate and economic power has been of long duration and was in evidence before 1930, the beginning date of this thesis. Dawson points out that:

> it is also true that an inventory of senatorial wealth would yield far more per capita than one taken in the House of Commons. The late Mr. Woodsworth once enumerated at some length the directorships held by certain senators, and the list is both long and impressive (Dawson, 1957:351).

This enumeration by the future leader of the C.C.F. took place in 1927. Woodsworth quoted a Toronto paper, Canada Forward. The editor of this paper pointed out that 50 members of the Senate held 334 directorships. Woodsworth proceeded to list a number of Senators with their exact business affiliations "in order that the class nature of the Senate may be clearly seen" (Woodsworth, 1927:1040).

We have seen that Senators have tended to be male professionals or businessmen of late middle age at the time of their appointment. An important requisite for Senatorial appointment has normally been past service to the party in power. Recently Pierre Trudeau has made several appointments not from his own party (eg. E. Manning, G.I. Smith, one a Social Credit Premier, the other a Conservative Premier). It has been noted that a high percentage of Senators have served the party in some visible form, and Senate appointment is often regarded as a reward for party service. In the past appointments went to party followers invariably but this has meant a gross overrepresentation of a party in office for a lengthy period, notably the Liberals towards the end of their long tenure from 1935 to 1957. Recently this situation has arisen again since the Diefenbaker Senators have begun to die or retire. Trudeau has made acommitment to name new Conservative Senators for any Tories who choose to retire, thus as Geoffrey Stevens says, "protecting an endangered species" (Stevens, 21 August 1975).

To point out the importance of past party service for elevation to the Senate we may quote Dawson who gives the following analysis for 1945:

> In 1945 a total Senate membership of 95 had the following antecedents. No less than 43 senators had been former members of the House of Commons, 12 of whom had been Cabinet Ministers; 18 others had seen service in provincial legislatures, 10 of whom had been in provincial cabinets; 9 others had been unsuccessful candidates, and 2 more had held high party office (as had a number of those included above categories). Thus at least 72 out of 95, or 76 per cent had been exceedingly active in party circles, ranging from federal Cabinet Ministers and provincial Premiers down to party office holders and defeated candidates (Dawson, 1957:333).

In his later work which described the personal characteristics of the 308 Senators sitting between 1925-1963, Kunz finds the same general results.

He points out that "only 31 per cent of the total membership of the Senate (308) during the last thirty-seven years lacked legislative experience at the time of their appointment" (Kunz, 1967:62). Of the 308 members 45 per cent had sat as MPs. This figure closely parallels Dawson's total of 45.3 per cent of Senators who had previously been Members of Parliament.

But the prestige of the Senate has sometimes been diminished when used by Prime Ministers to get people out of the way. For example, Neatby points to the appointment of James H. King, a doctor, President of King Lumber Mills Ltd, and Minister under Mackenzie King's government. "The Prime Minister was busy with other preparations for the campaign. The Cabinet needed to be strengthened....Dr. King from British Columbia was kindly but ineffectual. He now joined Robert Forke in the Senate..." (Neatby, 196 :332).[1]

Another example, this time to allow for the entry of a new cabinet minister rather than to get rid of an old one, was the election of Lester Pearson to the riding of Algoma East. To make way for Pearson, the sitting member, a local businessman and former mayor of Sault Ste. Marie, Thomas Farquhar, was retired to the Senate. Lester Pearson wrote in his second volume of memoirs: "Mr. King and Mr. St. Laurent had decided to speed up the appointment of Thomas Farquhar to the Senate, where there was an Ontario vacancy. This would open the seat in Algoma East, and I was to seek the Liberal nomination for the by-election to fill it" (Pearson, 1973:6).

Farquhar, born in 1875, was a "regional baron". Without a university education, he had become a prominent businessman and politician in Sault Ste. Marie and the smaller communities on the north shore of Lake

Huron. He was a merchant at Little Current, Ontario, and he had been President of Thomas Farquhar and Sons Co Ltd and of Farquhar Mines Ltd. He was mayor of Sault Ste. Marie for the year 1920-21 and after, when he had moved to the north shore, he had been Reeve for a local community. From 1926-1929 he was MLA for the Ontario Legislature, and then from 1935 to 1948 he sat as Liberal MP for Algoma East.

Thus Senate appointments are often made both to remove people and to serve as late-in-life rewards. This rather negative aspect of the Senate is noted by Dawson, who comments, "The life term has also had an unfortunate effect on the age of appointment, for no one goes to the Senate with an eye to a future career, but always with the sense of opening up the last chapter....The Senate has thus become a shelter for those whose active life is almost over and who are primarily concerned with a pleasant, secure, and not very strenuous old age" (Dawson, 1957:338-339).

However, although many appointments to the Senate clearly fill this pattern of the safe haven, there are very important exceptions. As we have noted, many Senators develop or amplify very important business careers while in the Senate; there has also been a pronounced trend to use Senators as party officials and organizers. It is because of this trend that makes questionable Porter's statement that "Members of the Senate of Canada have been left out of the political elite, except for government leaders who have also been members of the cabinet, because no one has ever suggested that the Senate has exercised any significant political power" (Porter, 1968:604).

This disagreement between Porter and my own research may simply be a matter of period differences — Porter's data came from the 1950s. It is of course true that in terms of policy generation and ministerial power, the Senate has little importance. However sitting Senators have become a key element in the party power structure itself. As Geoffrey Stevens pointed out in a column devoted to the subject, the Liberal party machine "would grind to a halt if it were not able to slip its top people onto the public payroll in the Senate" (Stevens, April 17, 1975). Stevens noted not less than 13 Liberal Senators who are performing key party work. For example, Senator Molgat is current National President of the Liberal Party of Canada, and as Stevens notes "He is the fourth consecutive senator to be national Liberal president". A former President of the National Liberals, Senator Stanbury, is now Chairman of the Liberal Treasury Committee. Stevens also mentioned liberal treasurer, Senator Lafond; Senator Davey, Co-chairman of the Liberal election campaign committee; bagmen Senators Godfrey and Riel; Senator Jean-Pierre Cote, president of the Quebec Liberals; Senator Graham, president of the Nova Scotia Liberals and currently the fifth consecutive Senator to act as President of the National Liberal Federation; Senators Perrault, Hastings, Cote, and Bonnell who were respectively chairman for the Liberal party during the 1974 federal election campaign for the provinces of British, Columbia, Alberta, Quebec, and Prince Edward Island; and Senator Harry Hays who raised money for the Liberal campaign of 1972 in the United States.

As Stevens asked ironically,

> Do you really think...that the Prime Minister, in his wisdom, would have appointed all these distinguished Canadians to the Senate if he thought for one moment that they would try to advance the partisan interests of the Liberal Party? On second thought, don't answer the question (April 17, 1975).

Thus besides their careers as Senators reviewing legislation, initiating legislation in about 20 per cent of the total, authoring white papers on important and controversial topics such as the Mass Media (the Davey Report) or Poverty (the Croll Report), presenting the bills of private citizens (for such matters as incorporation of companies, divorce petitions), Senators in many cases have a combination of careers working directly in the party hierarchy or in business careers as Directors and Executives. To undervalue the power and influence of Senators would therefore be erroneous. The activity, power, and influence of Senators may actually be increasing since the mandatory retirement age of 75 keeps out the long-lived but decrepit septagenarians, octagenarians, and even nonagenarians of past decades. For example, in 1953 75 per cent of Senators were over the age of 65 (Dawson, 1957:337). As of January 1973, this figure had dropped to 54 per cent and as the Senators of the pre 1965 period die off the percentage is likely to drop still further.

An example of sending party officials to the Senate at an age when they are still in their vigorous years was recently seen in the appointment of Jack Austin, the principal secretary to Pierre Trudeau. Austin was aged 43 and had only been in his former post under Trudeau for some 15 months. The Globe and Mail felt that in this case Austin was being elevated to the Senate to avoid charges that he had been improperly benefitting from his post — that is, he had been alleged to have used his job to obtain information relevant to his fight against a $70,000 back taxes case). In an ironical Globe and Mail editorial, the paper summed up: "Mr. Austin, at 43, may now look forward to 32 years with a salary commencing at $29,300, of which $5,300 is tax free, and a pension of splendid dimensions" (Globe and Mail editorial, August 21, 1975).

To conclude, we see in the Senate yet another example of the general recruitment principles used in the Canadian state apparatus. The Canadian State is largely manned by well-educated, male, middle-aged or older professionals or businessmen with political careers. Once again the unrepresentative nature of another sector of the Canadian government has been described. We have also seen that business is represented in much the same way as in the cabinet. Many Senators are businessmen before their appointment, or they obtain business portfolios after their appointment to the Upper Chamber. The amplification process is very much in evidence. The representation of most occupational areas except law and business are underrepresented; trade unions, working-class people more generally, and women are especially underrepresented.

BUSINESS AND THE SENATE

In analyzing Senators with business connections, we can discern the same basic types as previously used for the cabinet: the regional baron, the tycoon-politician, the occasional director, the professional director, the intensive executive, and the process of amplification. We also observe businessmen going into the Senate, in contrast to professionals without previous business careers commencing such activity after their entry to the Upper Chamber.

One example of a tycoon-Senator of long tenure in the Senate with his base in a family firm has been Senator Hartland Molson. Earlier the question of the importance of the family firms in modern capitalism was discussed. In Canada the family firm still remains a bastion of Canadian capitalism. Clement lists a long string of important family-owned firms in Canada and points out that the family firm "is as powerful, even more powerful, than it ever was". He also indicates that "the extent of family control over the corporate world in Canada is far from insignificant" (Clement, 1975:187). Senator Molson belongs to one of the oldest, best established capitalist families in Canada — a segment of the established "old" money. The first Molson came to Canada in the 1770s as a wealthy merchant. Molsons have sat as Directors of the Bank of Montreal since the 1820s.

Like Walter Gordon, Senator Molson attended private schools and then took his university education at the Royal Military College. He was established as a chartered accountant in 1933. During the war Molson served as a Group Captain in the RCAF; and from 1943 to 1946 he acted as Honorary Aide-de-Camp of the Governor-General. After the war, Molson became very active in business, including that of his own family. By 1947 he was Secretary and Director of Molson's Breweries; by 1953 he was Vice-President; and from 1953 to 1965 he acted as President of the company. Since 1966 Molson has been Chairman of Molson's Breweries. During the 1960s Senator Molson was also President, then Chairman, of Canadian Arena Co. The educational connection with Walter Gordon was also transformed into an important business connection. After the war these two men, with several other associates, organized Canadian Corporate Management Ltd (Smith, 1974:365n.). Until the early 1970s Molson remained a Director, and for periods in the 1960s and early 1970s, he also acted as Vice-President of the company.

In connection with Molson's business career, it may be noted that he was elected a Director of the Bank of Montreal before his nomination to the Senate by Louis St. Laurent in 1955. However, it was not until 1964 that Molson was appointed Vice-President of the bank. In 1955 he was elected Director of Sun Life Assurance, the bank's insurance affiliate and the largest insurance company in Canada. He has been a member of the executive committee of the board of directors of Sun Life.

Today, aged 68, Molson's business portfolio is not as long as it was at a more youthful period, but it still contains posts of only the first rank. In 1974, he was Chairman of The Molson Companies (dominant), Vice-President of the Bank of Montreal (dominant), and Director of Sun Life Assurance (dominant) and of Canadian Industries Ltd (dominant).

The connection between the major banks and the Canadian government elite has been long and intimate. This intimate connection has been especially true of the Liberal party and the Bank of Montreal. Another Senator with links to the Bank of Montreal currently, is Senator Sidney Buckwold from Saskatchewan. Buckwold's career also exemplifies several interesting processes. His career shows the characteristic of amplification after appointment to the Senate; it also shows a man from a family firm in the hinterland expanding his career so as to virtually enter the category of tycoon-politician.

The Buckwold family has for several decades been one of the foremost capitalist families in Saskatoon. The family originally centred its business around the family firm of Buckwold's Ltd, wholesale distributors. Sidney Buckwold became Vice-President of the family firm, and in the 1960s was also Chairman of Security Life Insurance. Buckwold has also been Director of several important manufacturing companies such as Canadian Breweries, National Breweries, and O'Keefe-Old Vienna Brewing Co. It was not, however, until his appointment to the Senate in 1971 that Buckwold was elected Director of the Bank of Montreal (dominant). He still sits as Director of the Bank and as Vice-President of Buckwolds

Ltd.

Although a leading capitalist from Saskatchewan, Buckwold did not gain entry to the Senate solely on those grounds. He had a political career as Alderman of Saskatoon from 1953 to 1957, and as Mayor for two terms, 1958-1963, and 1967-1971. More directly of attempted service to the Liberal party, Buckwold was a defeated candidate to the federal Parliament in the general election of 1963 and at a byelection in 1964. Instead, he was named to the Senate in 1971, the same year he was elected a Director of the Bank of Montreal and also the year he was named Saskatchewan Salesman of the Year for 1971.

Another example of a tycoon-Senator who was rewarded by the Liberal party with a seat in the Senate after a defeat at the hands of the electorate was Senator Salter Hayden. Hayden had been trained as a lawyer and began the practise of law in 1922 at Toronto. By the mid 1930s, himself in his 30s, Hayden already had become an important businessman as Secretary and Director of Bowles Lunch Ltd (1934 on), President of Calder-Bousquet (1937), and Secretary-Treasurer and Director of the United Steel Corp Ltd.

In 1935 Hayden ran for office in the year that the Liberals massively defeated the Conservative government. Despite this decisive turn against the Tories, Hayden lost his bid for Parliament and so was appointed to the Senate in 1940 by Mackenzie King. Since the late 1930s, Senator Mayden has been a businessman of the very first rank in terms of numbers of such business offices as well as quality. To count the numbers of such offices would amount to over three dozen. The Senator's main financial connection was as Director of the Bank of Nova Scotia from 1957-1971 (dominant).

Although in his late 70s, Senator Hayden still held about a dozen directorships as well as one executive office in 1974. These are listed in Table XVII below:

TABLE XVII : THE BUSINESS HOLDINGS OF SENATOR HAYDEN IN 1974

1 Vice-President, International Eveready Ltd
2 Director, Dominion Oxygen Co
3 Director, Domet Ltd
4 Director, Electric Furnace Products Ltd
5 Director, National Carbon Ltd
6 Director, National Carbon Ltd
7 Director, Visking Ltd
8 Director, Ucar Ltd
9 Director, Emet Ltd
10 Director, Jannock Corp
11 Director, Parker Pen Ltd
12 Director, Provincial Service Agency Ltd
13 Director, Scott's Restaurants

This proclivity of Senators for numerous and important holdings is quite common. Another example was Senator John Aird, who like Senator Hayden, has been a Director of the Bank of Nova Scotia. A generation younger than Hayden, Aird was born in 1923 of a distinguished capitalist family. His grandfather had been President and General Manager of the Canadian Bank of Commerce.

Aird, like many other members of the Canadian political-economic ruling class, benefited from private schooling at Upper Canada College. He then attended the University of Toronto and acquired a training in law at Osgoode Hall. He was active in the Royal Canadian Naval Reserve from 1942-1945 as a Lieutenant and did not qualify for the Ontario bar until 1949.

Almost immediately, in his late 20s, Aird became a Canadian businessman of the first rank. For example, in 1953 he was President of Rix-Athabaska Uranium Mines, of Goldfields Uranium Mines, and of Rexpar

Uranium and Metals Mining Co. By 1955, Aird was President of 13 of these companies, and Director of five others.

By the early 1960s, Aird was one of Canada's most prominent businessmen and this was signalled by his entry to leading financial circles. Thus from 1962 to date, Aird has been a Director of the Bank of Nova Scotia (dominant). Another financial company of which Aird has been Director since 1963 is The National Life Assurance Co, a middle-range corporation according to W. Clement's data. Among many other companies of which he is Director may be mentioned the dominant The Molson Companies Ltd. Thus he sits on the family firm of one of his Senatorial colleagues.

Aird was appointed by Lester Pearson to the Senate. He had not run for office. The Canadian Directory of Parliament omits to mention that both before and after his nomination to the Senate Aird has been a key fundraiser for the Liberal party. It is in this capacity that Aird was mentioned as serving with Walter Gordon and Lester Pearson while the Liberals were in opposition during the Diefenbaker years (Smith, 1974: 68). After his appointment to the Senate, Pearson used Aird for party purposes in the manner mentioned by Geoffrey Stevens in his recent column. Aird was named National Treasurer of the Liberal Party and as such was the party's key fund-raiser" (Paltiel, 1970:35). He retained this post until July, 1968, after the election of that year. As of 1974, his last year in the Senate, Aird held the following business positions:

Table on next page

TABLE XVIII: BUSINESS CONNECTIONS OF JOHN AIRD, 1974

1 Chairman, Algoma Central Railway
2 Vice-chairman, Reed Shaw Osler Ltd
3 Director, The Bank of Nova Scotia - Dom.
4 Director, American Metal Climax Inc
5 Director, Canada Tungsten Mining Corp
6 Director, Consolidated-Bathhurst Ltd - Dom.
7 Director, Dominion Glass Co - Dom. subsidiary
8 Director, The Molson Companies - Dom.
9 Director, The National Life Assurance Co of Canada - MR
10 Director, Pacific Atlantic Investment Co
11 Director, Rolland Paper Co

Since 1973 Aird has also been Chairman of the Canadian section of the Canada-United States Permanent Joint Board of Defence. This follows from his business holdings since Aird actually sits on the board of directors of an American company (American Metal Climax) as well as several subsidiaries in Canada of American companies. In 1974 Aird resigned from the Senate after some 11 years in the Upper Chamber. According to Peter Newman Aird quit the Canadian Senate to head the Institute for Research on Public Policy (Newman, 25 October, 1975).

Another American board of which Aird is a member is Amax Incorporated "the world's largest molybdenum operation, where he shares the board room with such U.S. luminaries as George Ball, A.M. Burden and Arthur Dean". To quote Newman in conclusion, "Aird has become an important figure within the Canadian business establishment and his influence is spreading rapidly" (Newman, 25 October, 1975).

Another Liberal senator of the tycoon class who was a fund-raiser for the Liberal party has been Louis F. Gelinas. Gelinas, born in 1902, was educated at Loyola College and the University of Montreal. He became a businessman at Montreal and served as a Wing Commander with the RCAF from 1941-1944. By the late 1940s he had become an important businessman as President of Geoffrion, Robert, and Gelinas Inc, investment dealers and as Director of a number of other companies including Canadian International Paper Co. By the 1960s Gelinas had sat on two dozen company boards, including the dominant John Labatt Co.

Like Aird, Gelinas was appointed because of his fundraising activities for the Liberal party and he is mentioned in this regard by Denis Smith for the period while the Liberals were in opposition (1974:68) and by Paltiel (1970:35). Gelinas was appointed to the Senate almost immediately after his electoral victory of 1963. Still sitting in the Senate, as of 1974, Gelinas was sitting on the boards of 19 companies as a Director, on one as an Honorary Director (John Labatt Ltd, dominant), and as Vice-president of The Mercantile Bank of Canada (middle range). Mercantile Bank has been owned by the Rockefeller bank, First National City Bank, since the mid 1960s. Indeed Gelinas sits on a majority of boards that are foreign-owned. (See table XIX elsewhere for his seats on subsidiary boards in the appendix to Chapter VIII).

The Senate is filled along regional lines and each province is represented by a fixed number of places. Thus it has been common for businessmen and politicians of the "regional baron" type to sit in the Senate. The regional baron in the context of the Senate is usually a man with important business holdings in the hinterland areas but usually without nationally rated holdings (unless such are gained through the process of amplification). The business pursuits of the regional barons are usually in the field of commodity distribution or resource extraction, though he may also be a small-scale manufacturer. In the past "regional barons" have often been identified with existing family firms or have built up their own family firm. Typically they have had less need for the urbane polish provided by advanced education, and many have gone into business without any post-secondary education. Finally, the regional baron has customarily been a local political power, but one without much influence on the national scale.

A current example of the regional baron sitting in the Senate is Donald Allan McLean. McLean, born in 1907, had no university education. He became a corporation executive living in the small community of Black's Harbour, New Brunswick. By the 1960s he had become President of some dozen companies with names such as Seal Cove Canning Co, Quoddy Sea Foods, and Blacks Harbour Investments Co. In 1967, McLean was elected President of the New Brunswick Liberal Association and next year, in March, 1968, he was called to the Senate by Lester Pearson. Apparently this complex of companies was attractive to one of Canada's multinational firms since Connors Brothers Ltd and several of the other firms were bought out by George Weston Ltd of Toronto.

From the Directory of Directors it is obvious that the McLeans are an important business family in New Brunswick since three McLeans are listed as living in Black's Harbour, New Brunswick, and all have connections with Connors Bros. Senator McLean is not one of them, having retired from his business posts in 1973. As of 1974 D.A. McLean was Vice-president of Connors Bros, Donald A. Jr. was President and Chief Executive Officer while Murdo McLean was Treasurer. From 1968 to 1973 Senator McLean was Chairman and Chief Executive Officer before his retirement from active involvement in the family businesses. The McLean family is listed as one of New Brunswick's leading capitalist families in Peter Newman's new volume on The Canadian Establishment (1975:230).

The McLean family is also of importance since it shows a case of generational continuity. A McLean has been Senator since 1945. Senator

D.A. McLean had simply replaced another McLean regional baron in the Senate, Senator A. McLean, who sat there from 1945-1967 and who was President or Chairman of Connors Bros from 1933 to 1966. Another example of this generational continuity in the Senate was the replacement of Hudson's Bay factor R. Hardisty by his son-in-law James Lougheed, when the former died after only a year in the Upper Chamber (1888-1889).

Another Maritime example of the regional baron has been Senator Frank C. Welch. Appointed to the Senate in 1962 by Diefenbaker, Welch recently retired from the Upper Chamber at the age of 75 and was replaced by former Nova Scotia Premier G.I. Smith. Welch, with no university education, became a local businessman of importance centred at Wolfeville, Nova Scotia. He was Managing Director of the Wolfeville Fruit Co Ltd from 1921 to 1959, and he was also President of Welch-Lo Real Estate and of Welch-Lo Farms. In addition he was Director of several other local companies.

Welch started his political career as Councillor for Wolfeville from 1945-1948. More importantly in his service to the Conservative party, he was President of the Nova Scotia Progressive Conservative Association from 1953-1962.

Yet another Maritime example of the regional baron has been Gordon B. Isnor who was still sitting in the Senate, aged 88, in January 1973. (Senators appointed before the inception of the mandatory retirement age of 75 were exempted.) Like Welch and McLean immediately above or Thomas Farquhar earlier, Isnor had no university training, was prominent in local politics and business, and at least until his ascension to the Senate, did not participate in national dominant corporations. The difference between the three men mentioned earlier and Isnor, as examples of regional barons, is that Isnor was established in one of the hinterland metropoles rather than in the back areas of the hinterland.

Gordon Isnor became a merchant and financier at Halifax and Truro. He was President of Gordon B. Isnor's Stores, of Isnor Investment Co Ltd, and of Isnor Realty Co Ltd. He also was Director of several companies such as Nova Scotia Light and Power Co Ltd and of the Eastern and Chartered Trust Co.

Isnor's entry into politics was occasioned by a period as Alderman for the city of Halifax from 1914-1915. Since 1928 Isnor has had a continuous political career, first as an MLA for Nova Scotia from 1928-1935, and from 1935-1950 as MP for Halifax. That same year Gordon Isnor was called to the Senate by the St-Laurent government.

Another Maritime regional baron from Nova Scotia, of the same generation as Isnor was J.J. Kinley. Born in 1881, Kinley was centred in the town of Lunenberg, Nova Scotia. He built up a business career as President of the Lunenberg Foundry Company, of the Lunenberg Foundry Garage Company, and of the Progress-Enterprise Weekly Newspaper.

Kinley also started out his political career at the municipal level as Town Councillor from 1907 to 1910 and as Lunenberg Mayor from 1911-1913. From 1916 to 1925, Kinley sat as MLA in the Nova Scotia legislature and again from 1928 to 1930 (he had been defeated in 1925). From 1926 to 1928, Kinley served as President of the Nova Scotia Liberal Association. Resigning from his seat in the provincial House, Kinley ran for the federal Parliament in 1930 but could not prevail against the Bennett sweep of that year. Five years later he made it to Ottawa as MP where he sat until 1945, when he was appointed by Mackenzie King to the Senate.

Many more examples could be cited of the regional baron since the Senate has seated many of them from the starting point of this study to the present. The political influence and power of the regional baron has been based on the local rather than national political and economic influence of the man concerned. His existence is certainly tied to the regional organization of Canadian politics. In a country where parliamentary representation was taken from the country as a whole, the role of the regional baron would likely be of diminished importance. As it is, both the Commons and the Senate have experienced several generations of this fairly constant type. One may speculate whether increased educational levels, the increasing concentration of the Canadian population into metropolis areas, and increasing individual horizontal and geographical mobility may not diminish the importance of regional barons. On the other hand, so long as politics is based on territory rather than population, the regional baron is likely to survive as a category.

Because of the proximity of the Senate to the executive branch of the government, because of the relative prestige and influence of the Senate itself, and because of the advantageous position of Senators to engage in lobbying (as Norman Ward points out, 1974:66) — the Senate is an opportune location for professionals to build up business careers as occasional or professional directors. The occasional director, it will be remembered, is one who sits on up to three boards at the same time. The professional director sits on four or more boards at a time and thus earns a substantial directorial fee. He may also invest a good deal of his time as director. However, neither the occasional nor the professional director holds an executive office, and neither is likely to have any independent business power or prestige. The occasional and professional directors are usually appointed because of their prestige in other institutions, and in the case of Senators, political influence may be considered useful by corporations.

Some occasional directors may have gained their directorship before appointment to the Senate. In such cases they have already earned enough prestige from other fields. For example Senator N.A. MacKenzie, appointed to the Senate in 1966, had already been Director of The Bank of Nova Scotia from 1961 and remained so until 1968. He also was named Director of the Canada Permanent Trust Co before his appointment to the Senate. MacKenzie, trained as a lawyer, had been for many years a Professor of Law at the University of Toronto and spent from 1940-1944 as President of the University of New Brunswick and was President of the University of British Columbia from 1944-1962. When he accepted Directorships with The Bank of Nova Scotia and with the Canada Permanent Toronto General Trust Co in 1962, it was after his retirement from university administration.

Normally, however, occasional and professional directors commence their business careers after appointment to the Senate. A typical example has been Senator Sarto Fournier, appointed to the Upper Chamber in 1953 after 18 years as MP for the riding of Massoneuve-Rosemont. He had been trained as a lawyer and was 32 when first elected MP. After his appointment to the Senate, Fournier still was able to spend a term as Mayor of Montreal, from 1957-1960. Although not listed as a director from the 1950s through the 1960s, Fournier has been a Director of Canadian Javelin Ltd from 1971 to date. This is the only company of which he has been director.

Another example of the occasional director has been A.H. McDonald.

McDonald was a farmer and small businessman at Moosomin and Regina, Saskatchewan. He also was prominent in provincial politics after the war as a Liberal. From 1948-1965 he sat as an MLA and in 1964-1965 was Minister of Agriculture and Deputy Premier. During an earlier period, before the ascension of Ross Thatcher to the Liberal leadership, McDonald had been Leader of the Saskatchewan Liberals himself. In 1965, McDonald was appointed to the Senate, and it has only been since the early 1970s that he has sat as Director of Denison Mines Ltd (middle range), a company that has had battles with the Liberal government when Stephan Roman, the principal owner, wished to sell this uranium mine to foreign interests. McDonald's association with the company may be due to a desire on the part of Denison management for a political director who can speak to the government with some authority.

An example in the Senate of the professional director has been Maurice Bourget. Bourget was trained as a civil engineer, but was elected MP for Levis in 1940 at the age of 33. He sat as MP for 22 years before his defeat in 1962. For several years, from 1953-1957, he was Parliamentary Assistant to the Minister of Public Works. In April, 1963, soon after the Liberal victory, Bourget received balm for his electoral defeat by his appointment to the Senate. For several years, from 1963 through to January, 1966, he acted as Speaker of the Senate.

Since 1963, Bourget has sat as Director for five companies, the most important being British Newfoundland Corp Ltd and its successor Brinco (middle range). The other companies of which Bourget has acted as Director include Hall Corp of Canada, Valcartier Industries, Enamel and Heating Products Ltd, and Hall Shipping, Ltd.

Finally, we may mention the intensive executive, a businessman with one or more executive positions and possibly with several directorships, but not a man who could be classified as a tycoon.

As for Senators who are businessmen, this category includes perhaps the largest group. The intensive executive is differentiated from the occasional or professional director in that he holds executive office and thus is much more than a marginal or outside director on at least one company. He is not a tycoon because his holdings are not of sufficient quality in importance. In particular, the intensive executive may not yet sit on one of Canada's leading banks or dominant life insurance firms.

There are many examples in the current Senate of the type we have categorized above. One example is Senator John Lang Nichol. Senator Nichol was born in 1924 and educated at the Royal Canadian Naval College, and at the University of British Columbia where he earned a Bachelor of Commerce degree. He served in the war as a Lieutenant with the Royal Canadian Navy Reserve. After the war he entered the lumber and machinery business at Vancouver in 1948.

In 1964, aged 40, Nichol was elected President of the Liberal Federation of Canada, a post he held until 1967. Lester Pearson appointed Nichol to the Senate in 1966.

Since the early 1960s, Nichol has held two executive positions: as Vice-president of Tormag Transmissions, Ltd from 1962-1968, and as President of Springfield Investments Co, Ltd from the early 1970s to the present. Nichol holds several important directorships including seats on the boards of Crown Zellerbach (dominant), Bethlehem Copper Corp (middle range), and TIME Canada Ltd. As yet, however, Nichol does not sit on the board of any Canadian bank, and his directorships are foreign subsidiaries. Thus, he does not sit on such Canadian conglomerates of the first rank as Argus, Power, CP Investments, or the Somard group of companies.

Another example of an intensive executive currently sitting in the Senate who held important party posts for the Progressive Conservatives has been Allister Grosart. Born in 1906, Grosart earned his Bachelor of Arts degree from the University of Toronto. He then went into journalism with the Toronto Star and later the Globe and Mail. By the 1950s Grosart was Vice-President of McKim Advertising Agency, a nationally important advertising bureau. The importance of advertising in the Canadian political system has been emphasized by Paltiel:

> The emergence of the broadcasting media and television in particular has effected, in conjunction with the trend outlined above, a fundamental change in the process of political communications in Canada. The advertising agency and the public relations consultant have taken the editor's place in the counsels of the parties. The rise to party prominence of such advertising men as Senator Keith Davey the former national Liberal organizer, Senator Allister Grosart who performed a similar function for the Conservatives during Mr. Diefenbaker's rise to power, and Mr. Dalton Camp who precipitated the latter's undoing, bear witness to this process (Paltiel, 1970:77).

At this time, in the 1950's, Grosart also was Managing Director of Peer International (Canada) Ltd and was a Director of Canadian Javelin Ltd and of the Wabush Lake Railway Co.

During his earlier business career Grosart had already been public relations consultant to the Ontario Progressive Conservative Party in 1948, and for the national Progressive Conservatives from 1948-1956. In 1957 Grosart left his business posts and became National Director and Campaign Manager of the party from 1957-1963. In 1962, Diefenbaker rewarded this service with a seat in the Senate.

At present Grosart is President of a company named after himself and is also Director of City Savings and Trust Co (middle range) and of First City Financial Corp Ltd (middle range). Thus, although Grosart has been a career businessman, he has never been of the tycoon class.

Yet another example of the intensive executive with important party service has been Senator Richard Stanbury, the brother of former Trudeau cabinet minister Robert Stanbury. Born in 1923, Stanbury was trained as a lawyer and was admitted to the bar of Ontario in 1948. He began his service to the Liberal party in 1960 as President of the Toronto and District Liberal Association. In 1965, he became the Chairman of the Standing Committee on Policy of the Liberal Federation of Canada. From 1961 to 1967, Stanbury was a member of the Liberal Federation Campaign Committee for Ontario. He served as Chairman of this committee for the year 1967. In the last months of Lester Pearson's tenure as Prime Minister, Stanbury was appointed to the Senate in February, 1968. In April of that year, he was elected President of the Liberal Federation of Canada and was re-elected to the post in November of 1970.

Since the mid 1960s Stanbury has been executive of two companies and director of a number of others. From 1965, he has been Secretary and Director of Canada Electronic Co and of Programmed Learning of London Ltd. Of his other directorships may be noted his affiliation as Director of the dominant corporation, Beneficial Finance, which had assets of $209 millions in 1971, and as Director of a middle-range company, Metropolitan Trust Co. The latter concern held assets of $161 millions as of 1971 (data from Clement, 1975). In the late 1960s, Stanbury was also Secretary and Director of Seabrook Farms Frozen Foods.

Nevertheless Stanbury is not to be listed in the same tycoon status as C.D. Howe, or Robert Winters. As of yet he has not sat as a director of a Canadian bank or of the very largest corporations. The men of real tycoon status are not numerous, but many of the intensive executive class are on the boundaries, and may move up.

Most of the examples of different types of Senatorial business careers described above have been taken from Senators who were still in the Upper Chamber as of January 1973. However, it is important to realize that the same kinds of linkages between the business sector and the political sector have been constant since 1930, the beginning date of this study.

* * * * *

Three Senates of different years were chosen for intensive examination from different intervals — the Senate of December 1935, the Senate of December 1952, and the Senate of January 1973.

The first Senate was chosen so as to include a House mixed between Liberals and the more recent Bennett Conservative appointments. The 1952 Senate was chosen to show the house at the height of Liberal party dominance, and the 1973 Senate was chosen to illustrate one of the more recent Senates.

A. THE 1935 SENATE

The dominance of business interests in the Senate in 1935 in the middle of the Depression is clear. Of 96 sitting members, some 70 held business connections before or during their Senatorial careers. That is, 73 per cent of the Senators of 1935 had business careers of one form or another.

Naturally, the size and range of such business careers differed significantly. The gamut of business careers ranges from small local businessmen, to businessmen of regional importance, to occasional and professional directors in different-size companies, to active executives, to tycoons.

Representing the smallest type of businessmen were such Senators as Lt-Colonel James Arthurs, a hardward merchant, or Robert Greene, who was a General Merchant from British Columbia and director of one small company.

There are examples of somewhat larger regional businessmen such as W.M. Aseltine who was Vice-president, Treasurer or Secretary of four small companies centred at Rosetown, Saskatchewan.

There were many examples of occasional directors: Colonel Henry Alfred Mullins (Manitoba) who sat as Director of Royal Canadian Security Co and of U.S. Fidelity Co; or Major-General A.D. McRae (British Columbia) who sat as Director of Sherritt Gordon Mines Ltd, of Dome Mines, and of Texas-Canadian Oil Corp. There were professional directors: for example, J.H. Spence (Ontario) who sat as director of four companies during the year of 1931 or George H. Barnard (British Columbia) who sat as a director of four companies during the greater part of the 1930s and 1940s, including a seat on the boards of British Columbia Telephone Co and Western Canada Flour Mills.

There were numerous Senators who had held important offices in business and trade associations. C.C. Ballantyne was a manufacturer who had been President of the Canadian Manufacturers Association for the year 1906. Another example was H.J. Logan (Nova Scotia) who had been a director of several industrial concerns and who had also been President of the Maritime Board of Trade for two terms. Or to cite a more local example still, Senator Creelman MacArthur (Prince Edward Island) had held numerous executive positions and directorships. He had been President of Harding Motors, President of Brace McKay and Co, Ltd, Vice-president of M.L. Schurman, and Director of The Central Trust Co of Canada. In addition he had been President of the Summerside Board of Trade. This town is the second largest community on the island.

There are always numbers of Senators who sit as directors of the different Canadian banks. In the 1935 Senate, C.P. Beaubien (Quebec), D.O. L'Esperance (Quebec) and Sir Thomas Chapais (Quebec) sat as Directors of the Banque Canadienne Nationale. Also in the Senate was J. M. Wilson who was the bank's Vice-president, President, and Chairman during the 1930s. Senator A.J. Brown, (Quebec) sat as Director of the Royal Bank of Canada and was a Vice-president from 1934 on. Senator Patrick Burns (Alberta) who in his late 70s was still Chairman of Burns and Co, was sitting as Director of the Bank of Montreal during the 1930s until his death. Representing the Bank of Nova Scotia was George Gordon (Ontario). An Acadian Senator, Antoine Leger, was a solicitor and Vice-president of Commissioners-Censors for the Provincial Bank of Canada.

There were many executives in the Senate who could not be categorized as tycoons but who still had significant business power. Thus, for example, Colonel Frank B. Black (New Brunswick) was President of The New Brunswick Telephone Co, The Joseph L. Black and Sons Ltd, Marvins Ltd, and The Maritime Advertising Agency Co. Another example drawn from the military was Lt-Colonel H.W. Laird (Saskatchewan) who was Vice-president of the Ontario Equitable Life and Accident Insurance Co, President of

The Regina Cold Storage and Forwarding Co, President of The Equitable Oil Co of Regina Co, President of The Freehold Oil Co, and President of Trans-Canada Petroleum. An example from Alberta who was also involved in the oil industry, was Edward Michener, father of the recent Governor-General. He was President of Commonwealth Petroleums during the 1930s. Also in the Senate at this time was F.P. O'Connor who founded and was President of the Fanny Farmer and Laura Secord Candy Shop chains.

Finally, there were in the 1935 Senate, numerous Senators who were of the tycoon class. This is to say that they were Executives or Directors of several dominant or middle-range corporations. One example was Senator Dandurand (Quebec) who by this time was the Dean of the Upper Chamber (appointed in 1898). He was President of an insurance company and of a savings bank, and Director of Sun Life Assurance Co, of Canadian International Paper Co, and of several other companies. Another example was Senator L.C. Webster (Quebec) who held over 20 business positions including the Presidency of Holt, Renfrew and Co as well as the Presidency of five other companies, not to overlook directorships in Sun Life Assurance, Dominion Steel and Coal, and other leading Canadian companies.

B. THE 1952 SENATE

By December, 1952, the Senate was composed by a body of people of whom 78 per cent had over the course of their careers experienced positions in the business world. As usual there are difficulties of definition. Computation reveals, however, that 63 of the 81 sitting Senators had been businessmen in one form or another. As usual, the range was wide. It included men who were local merchants (such as J.W. Comeau, Nova Scotia) and largescale tycoons (such as Donat Raymond, Montreal, who was Vice-President of the Oka Sand and Gravel Company and Director of the Canadian Bank of Commerce, Canadian International Paper, Trust General of Canada, The Imperial Life Insurance Co of Canada, Dominion Glass Co, The National Breweries Ltd, Canadian General Investments Ltd in addition to being President of Canadian Arena Co and of The Queens Hotel Ltd). As Porter points out, no less than 17 Senators could be classified as "elite businessmen", comprising 21 per cent of the sitting members (this figure includes the number of individuals who sat as directors or executives of companies considered by Porter to be "dominant" in the Canadian economy.)

With the established practise of appointing at least a few women Senators, one must search for the business connections of their spouses or close relatives. Thus, Senator Cairine Wilson's (Ontario) husband was a Director of the Crown Life Insurance Co, of W.C. Edwards and Co, and of Watson and Todd Ltd. Senator Wilson's own father, also a former Senator, had been a wholesale dry goods merchant at Montreal and was a partner in the firm of MacKay Bros. Her husband also had political as well as business connections since he was a onetime Liberal MP.

In the 1952 Senate we find that the same types of career patterns as have been found in earlier chapters were also to be found in the 1952 Senate. These categories included the tycoon, the intensive executive, the occasional and professional directors, the regional baron from the hinterlands, and Senators with banking connections.

Relevant to this last category, Senator Raymond has already been mentioned. Another example was Senator Elie Beauregard who became Director, Vice-President and Chairman of The Provincial Bank of Canada.

The latter post he held throughout the early 1950s. The Provincial Bank of Canada, was in 1951, the smallest of the nine Canadian chartered banks with assets of $186 millions, that is to say 7.4 per cent of the assets of the leading Canadian bank. Beauregard (Quebec) also held other important business positions such as the Presidency of H. Corby Distillers, Century Mining Corp, Ltd, Canadian Industrial Alcohol, and the Vice-presidency of General Security Insurance Co.

If banking is one sector of the economy normally represented in the Senate, one can also spot members who are closely associated with specific industries. Thus, there are usually several Senators with close connections to the world of journalism — from an ownership and management perspective.

In the 1952 Senate, there were several examples of members with such affiliations. For example Senator W.R. Davies (Ontario), an example of the regional baron, was President of the Kingston Whig-Standard, of Frontenac Broadcasting Co, of the Kawartha Broadcasting Co, and of the Brookland Co Ltd. He sat from 1942 to 1967, and was the father of the well-known Canadian author, Robertson Davies. Other examples of Senators with main interests in the mass media included Jacob Nichol (Quebec) and Pamphile D. DuTremblay (Quebec).

DuTremblay, born in 1879, sat as MP from 1917 to 1921 and as a member of the Quebec Legislative Council from 1924 to 1942. He was then called to the Senate in 1942. DuTremblay married into the media elite, since he wedded Angelina Berthiaume, daughter of the Hon. Treffle Berthiaume, former owner of La Presse and onetime Member of the Legislative Council as well. As a consequence of this marriage, DuTremblay became trustee, General Manager, and President of La Presse Ltee, the biggest

French-language newspaper published in North America. He also became the President of La Patrie Ltee, another Quebec newspaper.

Finally, we might mention the example of Jacob Nichol. Born in 1876, Nichol engaged in a lengthy political and business career, the latter centred around although not restricted to the mass media. Nichol was an MLA for Quebec from 1921 to 1929 and acted as Provincial Treasurer during those years under the Taschereau regime. He then was named to the Legislative Council of Quebec where he continued to sit until 1958. From 1930-1934 Nichol acted as Speaker for that chamber. He quit his job as Speaker for that of Chief Organizer of the Liberal Party in Quebec, and entered the provincial cabinet again as Minister without Portfolio from 1934 to 1936. In 1944, Mackenzie King called Nichol to the Senate, where he sat until his death in 1958.

Nichol's business positions within the mass media included his Presidency of Le Soleil, L'Evenement-Journal, and of Le Nouvelliste and of La Tribune. These were his earliest business connections along with regional financial connections such as a Directorship with The Sherbrooke Trust Co and with Trust General du Canada.

Appointments from the ownership-management side of the mass media have continued with Diefenbaker's nomination of Senator Gratton O'Leary in 1962. O'Leary was President of the Ottawa Journal publishing company from 1957 to 1966. Aged 88, he is still sitting in the Senate as of November 1975. O'Leary was Chairman of a Commission which, as far back as the early 1960s, recommended that the special exemptions of Time and Reader's Digest be removed so as to bracket them as foreign publications.

Earlier we saw that Prime Ministers often appoint party officials to the Senate. This tactic is not new as is seen by the presence of Norman Platt Lambert in the Upper House from 1938 to his death in 1965 at the age of 80.

Lambert had been a journalist associated with the Toronto Globe. Later on he became affiliated with the farmers movement as Associate Editor of the Grain Growers Guide. He was offered but declined the leadership of the United Farmers of Manitoba in 1922. Instead he joined the management of Manitoba Maple Leaf Milling Co from 1922 to 1932. During this period he was Western Manager and for a time, Acting General Manager of the company.

In 1932 Lambert joined the staff of the newly formed National Liberal Federation as Secretary under Vincent Massey. As Neatby comments, the Federation was a major step in the recovery of the Liberal party from the defeat of 1930:

> The key figure, and the real successor to Andrew Haydon was the secretary, Norman Lambert. Lambert was well qualified for his job by temperament and by experience....Under Lambert the Federation became a modest but efficient adjunct of the federal party, acting as a central office for the provincial Liberal organizations. The Federation relieved the active politicians of much of the burden of publicity (Neatby, 1970:388).

From 1936 to 1938, Lambert held the title of General Secretary and Chief Organizer of the Federation. In January, 1938, he was offered his reward to the party by a seat in the Upper Chamber. For many years Lambert did not acquire a business career. But in the late 1940s he acted a Directorship with The Empire Life Insurance Co and from 1955 to 1963, he was a Vice-President as well as Director of the company. Thus, Lambert parallels Dunning and Crerar in his abandonment of the hinterland farmers movement by accepting the enticements of business and of Liberal party affiliation. King felt that all "progressives" who weren't actually Socialist or Communist, should join his party since he saw the Conservatives as wicked old-style Tories. This feeling was encouraged by the challenge of the farmers parties to the Liberals and Conservatives during the 1920s and 1930s.

C. THE 1973 SENATE

The connections to business of Senators sitting in January 1973 remain high, although somewhat lower than the percentages obtained from 1935 and 1952. Thus of 95 Senators, 32 were listed in the *Directory of Directors*, that is to say 34 per cent. When the careers of other Senators were surveyed not currently listed in that Directory, it was found that another 20 Senators had had business careers in the past or still had business careers not listed in the *Directory of Directors*. Thus, as of January, 1973, 55 per cent of Senators did have or had had business careers.

However, this total is misleading since the year covered is still too early to include business careers begun after the more recent appointments to the Upper Chamber. Senators may often collect directorships or executive posts years after their initial appointment. For example, Sarto Fournier had been in the Senate for some 15 years before he was elected a Director of Canadian Javelin. Just recently, in November 1975, Senator Rheal Belisle became the latest in a long line of French-Canadian Senators to sit on the board of the Banque Canadienne Nationale. Belisle had had some business interests in or near Sudbury, Ontario where he came from, but he had not been listed by the *Directory of Directors*. Senator Belisle was appointed to the Senate in 1963 so that it took 12 years before he came to sit on a board of directors. If these factors are taken into consideration, one might predict that over 65 per cent of the 1973 Senators will have engaged in business careers, after an authoritative assessment becomes possible in a decade or so hence.

Since examples of career patterns taken in the first part of this chapter relied on recent Senators, no discussion will be extended. However one still notes the frequent connections with banks in recent Senatorial appointments. Currently, Senator Manning (Ontario) is a Director with the Canadian Imperial Bank of Commerce; Senators Cook, Buckwold, and Molson are with the Bank of Montreal; Senator Aird with the Bank of Nova Scotia. This list is incomplete.

CONCLUSION

Some observers have downplayed the power and influence of the Senate. Our study casts doubts on such conclusions. It is true that the cabinet and the Prime Minister are dominant in the fields of parliamentary policy formation. However, to underestimate the power and influence of the Senate is to make use of a very segmented view of power and influence.

We have seen that Senators to a very significant degree wield influence and power as a result of their current and past party service, and because of their extensive business affiliations. There are "lame duck" appointments, people who had no very significant party, electoral, or business experience. Appointments to the Senate are made by a complicated interweaving set of influences felt by the Prime Minister. The fact that appointments are made on a regional basis, for example, tends to keep down the number of metropolitan tycoon Senators. On the other hand, such a geographical basis of the political system allows for the development of "regional barons" who keep the party in order outside of the large urban centres of Ontario, Quebec, and British Columbia. Various minorities must be represented such as Acadians, French-Canadians outside Quebec, English Canadians inside Quebec, and more recently, "Third Force" Canadians. All of these considerations restrict and mould the appointment habits of Prime Ministers.

Despite these restraints, however, we have seen the high positive correlation between the business and political sectors within the Senate. Businessmen and Company Directors are represented far above their chance expectation. This pattern has persisted over the period of this present study, from 1930 to the present, with a slight downward trend in the most recent period. The latter may be a "spurious" decline, because business careers of recent Senatorial appointments cannot be definitely assessed until several more years have passed.

Once again it has been shown that the Senate tends to be recruited by middleaged or older, male, professional and business people. Labour representation is minimal; company Directors and Executives abound. As mentioned earlier, a recent study (Campbell, 1973) found that each Senator averaged 2.62 Directorships. For this information to be really informative, one would have to state the distribution as well as the central tendency.

In effect, the Senate has acted as a body where subsequent Prime Ministers could have Directors and Executives of over 100 Canadian companies sitting near the centre of government. Porter chooses to interpret this proximity of political and business power as indicating that "the political power [of the latter] is latent and would become manifest only if there were governments without that conservative tone which is favorable to corporate enterprise" (1968:605).

Whatever the exact rate of input of Senators with business connections into the political system, one can nevertheless point out the structural continuity of interrecruitment patterns between cabinet ministers and business, and vice versa, and between the business sector and the Senate. Surely the proximity and personal relations of federal politicians with past, present, or future business connections helps to retain "that conservative tone" prevalent in Canadian federal politics. At a certain level, personal acquaintanceships and similar career patterns become structural elements in promoting the future continuation of similar patterns dominant in the past. Canadian federal politicians, including Senators, are predominantly businessmen or professionals with business associations. Only with very rare exceptions do working people or their representatives get into this structural network.

In a more direct sense, Norman Ward has pointed out that Senator-businessmen "unquestionably use their free offices in Ottawa to further their business interests" (Ward, 1974:66). Ward's authority gives weight to the general utilitarian argument that individuals and interest groups best represent their own interests. Once again one can raise the question of implications caused by the overrepresentation of business interests and the underrepresentation of working-class interests in Canadian federal politics. At present, working-class representation in the Senate is ever lower than that of women, or, as Kunz pointed out, of retired military officers.

NOTES

1 Another example. When Louis St. Laurent was considering running for the Liberal leadership in 1948 he "told the Prime Minister [King] he did not want Ian Mackenzie in any cabinet he formed, and King responded by persuading Mackenzie to retire to the Senate" (Pickersgill, 1975:46).

CHAPTER VIII: CANADIAN FEDERAL BUSINESSMEN-POLITICIANS: BOURGEOIS OR LUMPENBOURGEOIS? A Preliminary Analysis

In Chapter III we saw that Canada has always been attached to an external metropolis as a hinterland. We have seen some of the ties of the Prime Ministers to the two main metropoles of recent times, the United States and Britain.

It is a well-known fact, elaborated upon further in the present chapter, that a very large degree of Canadian business is externally-owned. We have also seen that the Canadian government elite sits on corporate boards with great frequency, that there is a very strong association between a political career in the government elite, and participation as director or executive in a corporation.

Given these two considerations, it would seem likely to predict that there will be a high incidence of the Canadian government elite sitting on the boards of foreign subsidiaries.

This in fact is what we find empirically, as Tables XIX and XX of this chapter illustrate.

The following chapter recapitulates some of the theory about hinterland-metropolis relationships so as to interpret the phenomenon comprehensibly, discusses the extent and drawback of foreign direct investment, and points out the incidence of Canadian government elite participation on the boards of foreign-owned or controlled corporations.

The findings back up our assertions in Chapter III. The Canadian government elite does not show any reluctance to sit on such foreign boards. The data presented may even underestimate the extent of the phenomenon since only companies directly owned and controlled are discussed.

THE PROBLEM OF NATIONAL BOURGEOISIES

In earlier Marxist thought, the development of nations and nation-states was associated with the development of capitalism. According to this view, the bourgeoisie of different territorial units attempted to establish a national base over which it could consolidate its control:

> The process of elimination of feudalism and development of capitalism is at the same time a process of the constitution of people into nations. Such, for instance, was the case in Western Europe. The British, French, Germans, Italians and others were formed into nations at the time of the victorious advance of capitalism and its triumph over feudal disunity.... But the formation of nations in those instances at the same time signified their conversion into independent national states (Stalin, 1913-1972:65).

The main aim of the bourgeoisie in setting up such states was to ensure its economic hegemony over a specific area. In discussing the nationalist struggles in Eastern Europe, and noting that, "The struggle is usually conducted by the urban petty bourgeoisie of the oppressed nation against the big bourgeoisie of the dominant nation" (p. 67), Stalin stressed the economic aims of the rising and aggressive bourgeoisies as follows:

> The chief problem for the young bourgeoisie is the problem of the market. Its aim is to sell its goods and to emerge victorious from competition with the bourgeoisie of a different nationality. Hence its desire to secure its 'own', its 'home' market. The market is the first school in which the bourgeoisie learns its nationalism (p. 67).

Thus up to the Russian Revolution of 1917, and for sometime afterwards, the bourgeoisies of particular nations were seen as eager to establish their own territorial market bases. Various Marxist groups or leaders such as the Russian Bolsheviks and Lenin gave considerable support even to non-socialist movements in the Third World if they thought the imperialist powers of the First World might be weakened as a result.

Based on such an analysis, the Russian Bolsheviks encouraged a policy of Communist cooperation with the Chinese Kuomintang. Since the Kuomintang was considered to be the bourgeoisie of China, and since national bourgeoisies were believed to be the leaders in national and colonial struggles, the Bolsheviks believed the bourgeois Kuomintang would be the leaders of a national struggle against colonialism and neocolonialism. As Stalin wrote in analyzing the national struggles in Eastern Europe, "The bourgeoisie plays the leading role" (Stalin, 1913-1972:67).

It is true that Stalin and the Bolsheviks understood that in the long term, such an alliance between the patriotic bourgeoisies and proletariat must crumble; nevertheless in the shorter run, in the immediate battle against national subordination and colonialism, such alliances were thought to be quite useful.

However the events of 1927, when the Kuomintang turned against and butchered its Communist supporters, and the ensuing history of China and southeast Asia, with the so-called national bourgeoisies relying on American or other foreign support, proved that a major revision of the earlier theories was called for. The national bourgeoisies in "hinterland" areas were no longer bourgeoisies in the older sense of being the patriotic leaders of national construction. Instead such bourgeoisies were a "lumpenbourgeoisie" to use a term adopted and adapted by A.G. Frank. This term is defined as "the passive — though I would prefer to call it 'active' — tool of foreign industry and commerce...its interests [are] therefore identical with theirs" (Frank, 1972:5).

In his later years, J.V. Stalin realized that something crucial had happened since the rise of the imperialist stage of capitalism, that the national bourgeoisies could no longer be relied on to lead the national struggle:

> Formerly, the bourgeoisie was considered the leader of nations; it maintained the rights and independence of nations, putting them 'before all else'. Now not a trace of this national principle remains. Now the bourgeoisie will sell the rights and independence of their nations for dollars. The banner of national independence and national sovereignty has been thrown overboard (Stalin, 1952-1972:510-511).

Thirteen years later after this last speech of Stalin, a middle-aged Canadian philosopher and professor of religion, George Grant, published his influential Lament for a Nation. What he was basically lamenting was the decision of the Canadian bourgeoisie not to engage in autonomous development, but to sell out to American or other foreign interests whenever profitable and convenient. In a powerful paragraph Grant wrote:

> The Ontario vote in the national election of 1963 showed what that society had become. In the southern metropolitan areas, the writ of the continental corporations runs with small impediment, and the Liberals swept the board. A society dominated by corporations could not vote for an independent defence policy. The power of the American government to control Canada does not lie primarily in its ability to exert direct pressure; the power lies in the fact that the dominant classes in Canada see themselves at one with the continent on all essential matters. Dominant classes get the king of government they want. The nature of our rulers was determined by the economic policies of the Liberals in the 1940s. The matter can be summed up quickly: The policies pursued by Howe produced a ruling class composed of such men as E.P. Taylor. In the winter of 1963, Mr. Taylor was quoted as saying: "Canadian nationalism!

> How old-fashioned can you get?" (Grant, 1965-1970: 41-42).

Grant repeatedly emphasized the anti-nationalist stand of the Canadian bourgeoisie:

> The tension between Diefenbaker and the business Conservatives was reconciled in the election of 1963. Nearly all the economic power deserted the Conservative party. He did not convince them with his nationalist appeals. The history of the breed does not make this surprising. The wealthy rarely maintain their nationalism when it is in conflict with the economic drive of the day (Grant:13).

In his account of the loss of Canadian independence to the United States, Grant points out the part played by federal politicians and the federal bureaucracy in alliance with businessmen themselves. And as Grant realizes, many leading Canadian politicians and bureaucrats at one time of their career have become leading businessmen:

> Our rulers, particularly those who enjoy wielding power, move in and out of the corporations, the civil service, and politics. For example, Mitchell Sharp was a leading civil servant under C.D. Howe, directing the development of our resources by continental capitalism. With the fall of the Liberals, he had to move to Brazilian Traction. He had the gumption, however, to be interested in the revival of the Liberal party at its lowest ebb, and so today he exercises power as Minister of Trade and Commerce (Grant:9).

The aim of this paper is to investigate the behaviour of Canadian federal politicians who have entered business[1] careers as directors and executive officers (the incumbents of such offices being defined as part of the bourgeoisie). In the case of cabinet ministers, such business careers have normally come after their tenure in office since there are conflict of interest provisions against carrying on business and political activities at the same time. Occasionally such periods as company directors and executive officers have occurred before tenure of political office (eg. Mitchell Sharp, John Nicholson, both associated with Brazilian Traction in the 1950s). As for Senators, there are no proscriptions against them engaging in business careers at the same time as they hold political office.

In particular, the aim of the paper is to determine whether Canadian federal politicians who are businessmen have remained a patriotic bourgeoisie intent on building up its own national capitalism, or whether such Canadian federal politician-businessmen have become integrated into the boards of foreign owned subsidiaries as directors and executive officers. Building both on the wider revision of Marxist theory indicated by Stalin and on the more particular theories of Grant about the development of Canada since 1940, it is our hypothesis that such Canadian federal politician-businessmen have welcomed participation as directors and executives of foreign boards. It is further hypothesized that Canadian federal politician-businessmen sit on foreign boards with such frequency that it cannot be said that they constitute a resolute national bourgeoisie, but are quite willing to act as lumpenbourgeois or comprador elites.

Before looking at such participation on foreign boards, it will be necessary to estimate the extent of foreign ownership of the Canadian economy and to assess as fully as possible the drawbacks of economic domination.

EXTENT AND DRAWBACKS OF FOREIGN DIRECT INVESTMENT IN CANADA

Numerous studies in recent years have documented the drawbacks of relying extensively on foreign direct investment for national development. Recent studies have also shown the extent to which Canada has relied on such foreign direct investment. A prominent economist entitled her work Silent Surrender (1970), as noted earlier, George Grant called his earlier, book, Lament for a Nation (1965), and the Dean of English-language Canadian history published in 1970 a book named Canada's First Century, though it might as well have been entitled "Canada's Last Century". Several well-known government reports have either documented the extent of the takeover or else have warned of the consequences. These include the Gordon Reports of 1956 and 1957, the Watkins Report of 1968, the Wahn Report of 1970, the Gray Report of 1972, and the annual reports compiled by the Corporations and Labour Unions Returns Act division (called hereafter CALURA).

At the same time, consensus within the Liberal government which was responsible for all these reports, has not been achieved. A former Liberal Prime Minister, Lester Pearson, was the chairman of a report on international development sponsered by the World Bank. The published report of the Pearson Commission, entitled, Partners in Development, recommended that the developing countries accept as much foreign direct investment as possible, and that such countries impose as few restrictions as possible.

On the receiving end of foreign direct investment, the commission chastised developing countries since "too few of these countries recognise the tremendous contribution which private enterprise can make to economic development, and in an environment unsympathetic to all private entrepreneurship it is hardly surprising that foreign investors sense danger" (Pearson et al., 1970:105).

Since capitalism or as the Pearson commission called it, "private entrepreneurship" is a system of capital accumulation by the owners of the means of production, and not a "social service" (as Mackenzie King, another Liberal Prime Minister claimed, "...industry is something more than a revenue producing process;...it is a form of the highest social service as well"; King, 1918:428) there will continue to be strong doubts that there is any favourable correlation between foreign direct investment and development. Doubters will continue to point to the case of Japan, which as Baran has pointed out in The Political Economy of Growth, remains the only non-white non-European country to have successfully industrialized outside the socialist world. This despite Yanaga's realization that "Japan does not possess the natural resources essential to a highly industrialized economy" (1971:3). As Baran noted, Japan was also one of the few areas of the non-European world not to be seen as a desirable colonial addition since resources were so meagre (Baran, 1957:158-159).

In their actual behaviour, however, Canadian governments have customarily followed the suggestions of Lester Pearson in placing few prohibitions on foreign direct investment in Canada. As early as the turn of the century, significant sections of the Canadian community encouraged foreign direct investment as a far superior alternative over importing goods manufactured abroad. We are told of the reaction of Canadian business by Michael Bliss:

> From 1882 to 1896 a broken run of the Canadian Manufacturer contains sixty-nine references to branch plants being considered by Americans, negotiations being carried towards the establishment of branch-plants, branch-plants being established, and the benefits of branch-plants....The need to protect American branch-plants — to prevent their

> withdrawal from Canada — was used as an argument against unrestricted reciprocity in the 1880's, in defence of the National Policy in both the 1891 and 1896 elections, and as a significant minor theme in the Conservative-protectionist defence of the National Policy in 1911 (1974:109).

However support of branch-plants by the Canadian business community may not have been the behaviour of lumpenbourgeoisie as long as plants were being established and not taken over, and at a time when foreign direct investment was still weak and not dominated by one country.

Although some legislation has been passed hindering foreign investment in Canada, most of which is listed by Fayerweather (1974:169-174), essentially the Canadian attitude has been an open one. This can be seen by the degree of foreign ownership in the non-financial sector of the economy by 1969. CALURA states, "Assets of foreign controlled corporations rose $3.9 billion to $48.8 billion, representing 35.7% of the assets of all non-financial corporations in Canada, compared with 35.1% in 1969" (1973:15). When the non-financial industries have been broken down into sectors, the foreign penetration of the Canadian economy is even more evident: the Canadian private sector controls 40%, and the Foreign sector was only marginally behind at 36%. The other two sectors, government business enterprises and "other" include 24% between them (CALURA, 1973:21).

In the manufacturing and resource extraction sectors, foreign interests are dominant. For example, in the former crucial area, CALURA reported that, "Foreign controlled corporations increased their share of the assets of the manufacturing industry, as a whole, to 59% in 1970 from 58% in 1969" (1973:22). Table 3 in Wallace Clement's invaluable study, The Canadian Corporate Elite (1975), presents evidence of foreign domination in the resource sector. As long ago as 1954 in the resource sector, 29 firms were foreign controlled compared to 20 Canadian firms, counting only the six largest firms in each of the particular sub-categories (Clement, 1975:104). In the 1960s acquisition of already existing Canadian firms proceeded at great pace, with the sell-out of 606 Canadian firms between 1963 to 1969 (Godfrey and Watkins, eds., 1970:142).

In criticizing foreign direct investment, many observers have pointed out that there is a preferable method of allowing investors their investments — that of portfolio investment. As Kari Levitt comments:

> The distinction between the import of foreign capital by the sale of bonds or debentures or non-controlling equity stock, and the intake of direct investment in the form of subsidiaries and branch plants controlled by externally-based parent corporations is crucial. In the former case control remains with the borrower; in the latter it rests unequivocally with the lender. Liabilities incurred by debt borrowing can be liquidated by the repayment of the loan. Direct investment creates a liability which is, in most cases, permanent (Levitt, 1972:58-59).

The pattern here is of complete reversal, from dependence on portfolio investment from 1867 to the end of the 2nd World War, to dependence on foreign direct investment since that time. As late as 1946, direct investment still only accounted for 39 per cent of total foreign investment. In Confederation Year of 1867, foreign direct investment comprised 7.5 per cent of the total. However by the early 1950s, direct investment had come to predominate over portfolio investment. Thus by 1965, there was in Canada a foreign direct investment of some 17 billion dollars and a portfolio investment of something over 12 billion dollars. Thus the percentage of foreign direct investment as related to total foreign investment, had climbed to 58.3 per cent by the mid 1960s (Levitt, 1972:66).

The increasing domination of American capital over British and other foreign sources of capital is also visible in Levitt's Table III. In Confederation Year, the United States supplied only 7.5 per cent of total foreign investment. By 1913, the percentage had climbed to 21.5 per cent. But the crucial changes of World War I which served to weaken Britain and strengthen the United States, resulted in a replacement of British financial influence over Canada by American financial domination. By 1926, the United States supplied 53 per cent of total foreign investment. By the 1960s, with World War II also strengthening the United States vis-a-vis Britain, the Americans supplied almost 80 per cent of total foreign investment in Canada (Levitt, 1972:66). The historical pattern is one of British predominance in Canada based on the less dangerous form of portfolio investment changing to American hegemony based on the more dangerous form of direct investment.

What then are the more specific objections which can be raised against foreign direct investment? Such objections are numerous but they may be summarized by saying that a nation dominated by foreign direct investment loses political and economic control over the affairs properly belonging to itself. For example, in Partner to Behemoth: The Military Policy of a Satellite Canada (1970), John Warnock analyzed Canadian external policy as that of a satellite beholden to the United States. George Grant also researched this thesis, essentially writing Lament for a Nation as an apology for Diefenbaker's stand in 1963 against accepting American nuclear arms. He interpreted Diefenbaker's action as the last gallant but doomed stand of a nationalist who had to contend against the unleashed forces of Canadian continentalists and American interests:

> In the Defence Crisis of 1963, his nationalism occasioned the strongest stand against satellite status that any Canadian government ever attempted. He maintained his stand even when the full power of the Canadian ruling class, the American government, and the military were brought against him (Grant, 1965-1970:12).

One drawback of foreign direct investment which covers both the economic and political implications is that of the American doctrine of extraterritoriality. Canadian subsidiaries are bound to abide by American law in Canada. A. Rotstein, an economist who was a member of the Watkins Commission wrote:

> Numerous examples could be dited where these American regulations have operated contrary to national policy in Canada. The crux of the issue, however, lies neither in the economic costs of exports which have been forgone, nor whether American anti-trust law has had 'good' or bad effects on the Canadian industrial structure. The central issue is the intrusion of American jurisdiction in Canada through the agency of the American subsidiary....There is no reason to believe that these laws are being violated by American subsidiaries. An elaborate administrative apparatus encompassing several American government departments ensures effective enforcement and severe penalties in case of violation (Rotstein, 1973:42).

Another drawback to foreign direct investment in Canada pointed out by Rotstein is the phenomenon of duplication in a Canadian market which would warrant only one or two companies from the viewpoint of market rationalization. Referring to the refrigerator industry, Rotstein writes:

> Seven of the nine firms are American-controlled, virtually duplicating the number of firms in the United States ('the miniature replica effort'). Most plants in Canada produce 40,000 to 60,000 refrigerators per year when the most efficient

> level of output would be about 200,000 units per year. Ideally, therefore, the Canadian market should be supplied by about two large firms in order to achieve the lowest unit cost. Rationalization of the industry would proceed on a voluntary basis, providing, of course, that American anti-trust legislation is countermanded for these American subsidiaries (1973:49).

A crucial and controversial objection to foreign direct investment is the capital outflow from Canada. Such politicians as Lester Pearson or Ontario cabinet minister Stanley Randall have attributed growth to the presence of foreign direct investment. In a speech several years ago, Randall attributed Toronto's industrial success to such investment and declared "even more foreign investment is needed to realize Ontario's unlimited potential" (Godfrey and Watkins, eds., 1970:182).

Yet the longer term aim of multinational enterprises (MNE's) is the extraction of profits for shareholders, not the development of countries which they may find it profitable to enter. It is true that for short periods an area may experience capital inflow due to foreign direct investment. But this is only true during a pioneering stage before the MNE is fully consolidated and is able to develop its own growth based on indigenous capital.

Levitt points out that while Canada was a net gainer in the 1950s, this situation has changed since then, "Canada, which in the 1950s was a net gainer in the sense that US direct investment inflows exceeded remitted profits by $1.2 billion, became a net loser in the 1960s. In the period 1960-67 remitted profits of American subsidiaries in Canada (45.9) exceeded new capital inflows ($4.1 billion) by $1.8 billion" (Levitt, 1972: 94).

Of course the effects of this capital transfer is cumulative in the sense that not only is the satellite region denuded of its own capital surplus but such capital exported only further strengthens the metropolis and so the metropolis is an even better situation to exploit its satellites in the future.

Besides actual cash outflow due to stock ownership there are also other factors. "The Wahn Report points out that increasing American ownership in Canada means that profits and payments for business services such as management fees, royalties, and franchise fees go to American owners in the United States" (Levin and Sylvester, 1972:79).

This overall consideration of the Wahn Report is backed up by the researches of CALURA:

> Payments abroad by Canadian corporations of dividends, interest and business service fees constitute a substantial and growing element in the Canadian balance of international payments..... These payments during 1970 amounted to $2,054 millions, a 14% increase over the previous years and the highest rate of growth since 1966. All categories registered increases with interest and dividends constituting almost 60% of total payments and 67% of the overall increase. As in previous years, over four fifths of all payments to non-residents by reporting corporations were made by those controlled abroad, mainly in the United States (CALURA, 1973:41).

If foreign direct investment actually meant an influx of foreign capital into Canada, the outflow of capital mentioned above might be offset. However, the researches actually undertaken by government and other sources show this not to be true. A large majority of the capital raised by foreign subsidiaries is actually raised in the satellite financial circles. The official draft of the Gray Report read:

> Of the 43.9 billion in total financing over the entire period (1946-1967), $9.7 billion was derived from foreign sources — a little more than 22 per

> cent. In the period 1960-67, only 19 per cent of total financing was obtained from abroad, with a corresponding proportionate increased use of Canadian sources, including proportionately greater use of retained earnings, capital cost allowances and Canadian capital markets (Information Canada, 1972:25).

At this point we must consider the size and strength of foreign multinational firms. As a rule they are much larger and stronger than native firms of the hinterland and thus they are a much more attractive bet for the hinterland financial circles than indigenous capitalism which is usually small and involves greater risk. With large multinational firms such as the large industrial and resource corporations — General Motors, Ford, ATT, Exxon — there is little risk and an assured return on capital lent out. As CALURA puts it, "In general foreign controlled corporations were more heavily represented than Canadian controlled corporations in industries which are dominated by large companies and conversely, occurred with less frequency in industries composed of smaller size firms" (1973:52).

Furthermore, among foreign corporations there was a heavy degree of concentration among themselves. Once again relying on CALURA data, it was found, "More than half of all the payments to non-residents reported under the Corporations and Labour Unions Returns Act was made by 65 corporations, out of a total of 5,776 corporations reporting payments ....these 65 corporations, each with payments in excess of 5 millions, contributed 59% of total dividend payments abroad" (CALURA, 1973:51).

Thus another result of foreign direct investment is to discourage the growth of Canadian corporations in those fields such as manufacturing and resource extraction, where large MNEs and their subsidiaries or associates dominate the field. As the Gray Report put it:

> Aside from the potential advantages enjoyed by a foreign firm, parental backing might provide easier access to capital from internal resources of the firm or from financial markets in Canada or abroad. The boost which this offers a foreign firm — based largely on size, which, as noted earlier, is generally fairly typical of foreign firms and MNE's — also makes it more difficult for an independent Canadian firm to enter or compete effectively. Where this easier access is not based on efficiency or economies of scale — or is based on efficiencies which are not passed on to the Canadian market — Canadian industrial efficiency is adversely affected by foreign ownership (The Gray Report, 1971:63).

Also with the size and capital resources of MNEs, they are able to buy out indigenous Canadian firms before such firms even had a chance to grow into MNEs themselves. In other words, it has been crucial to be first in the development of MNEs because the more dominant a MNE becomes, the easier it is to acquire the smaller but growing firms of hinterland regions. For example, in 1970, CALURA reported the takeover of two very large Canadian companies by two larger MNEs. Rothman's acquired a majority interest in Canadian Breweries which itself was a conglomerate of breweries, and Ciments Lafarge (of France) took over Canada Cement. Thus once the MNE structure was established, it has become ever more difficult for hinterland areas to establish their own native MNEs — in many cases firms in the hinterland areas which might have grown into MNEs are bought out.

A major drawback of dependence on foreign direct investment is "truncation". As the Gray Report explained,

> Truncation means potentially less decision making and activity in Canada — fewer export opportunities; fewer supporting services; less training of personnel in various skills; less specialized product development aimed at Canadian needs or tastes; and less spillover economic activity. It ties the subsidiary to the parent in a relationship of dependence....

> Truncation is inherent in the nature of foreign direct investment (The Gray Report, 1971:17).

Clement has extended the analysis of truncation to the sphere of the composition of the economic elite who are in charge of making the major decisions affecting Canada. He says that truncation "has had a significant effect on the structure and distribution of members of the economic elite. By far the majority of top decision making positions in the largest mining and manufacturing corporations in 1962 were held by people who were either in non-Canadian controlled corporations or were not Canadian citizens or residents" (Clement, 1975:113). Based on a CALURA study of 1962 on the 217 largest mining and manufacturing corporations, Clement found that:

> 60.3 per cent of the directors in these firms with assets over $25 million in 1962 were Canadian citizens and 66.7 per cent of the directors were residents of Canada. It is obvious from Table 7 that higher percentages of directors were non-residents in corporations with higher degrees of non-resident ownership (Clement, 1975:112-113).

To summarize the conclusions of Clement's Table 7 and 8, of the 94 corporations in the 1962 CALURA report which were non-resident owned at the 95 per cent level or higher, only 37.7 per cent of the directors were Canadian citizens and only 46.5 percent of the directors were resident in Canada. Collapsing Table 7, Clement reported in Table 8 that corporations over 50 per cent owned by non-residents had only 44 per cent of their directors with Canadian citizenship, while those corporations over 50 per cent owned by Canadians, had 88% directors who were also Canadian ditizens.

Of course a precise analysis would have to find more detailed data since the value of a directorship and it's significance varies distinctly.

Some directors are passive representatives who do not own stock in the company and merely serve as figureheads. A possible reaction by foreign owned corporations to avoid the charge of manpower truncation would be to increase their number of Canadian directors but to ensure that the real executive positions were in the hands of foreign nationals or even in the hands of Canadian nationals trained in the metropolitan centres. Nevertheless, Clement's and CALURA's data does indicate the obvious but important point that Canadian firms are more likely to keep decision making power in Canadian hands than non-Canadian firms.

A symbolic and cultural objection to foreign direct investment is the important one of the importation of foreign symbols into Canada. One eats Kentucky or Southern fried chicken, one eats hamburgers by any of a dozen American chains, one eats pizzas made by companies with the names of American cities like Boston pizza. This tendency would exist anyway. Here however, the problem is much vaster than simply foreign direct investment. Clement points out:

> Although it is important to note that a great deal of the content and advertising revenue comes from the U.S. or through U.S. controlled companies, it should also be kept in mind that actual ownership and control of the media in Canada remains very firmly with the Canadian media elite. That they decide to use a great deal of U.S. content reflects the similarity between Canada and the U.S. elites in terms of their values and cultural orientation (Clement, 1975:298).

One might also add the strong likelihood that it is easier ahd cheaper for the owners of the media elite to buy already prepared material created for the large North American market than to pay the costs involved in creating and sustaining indigenous Canadian artists. Thus in the part many Canadian artists have been forced to go to the United States for work and good pay. Lorne Green goes to the United States to become patriarch of an arch-type American west family resident in Virginia City, Nevada. With the enforcement of certain minimal Canadian regulations, such as the C.R.T.C. rule that Canadian radio must play at least 30 per cent Canadian content, the Canadian music industry received a tremendous boost, and incentives were developed for Canadian artists to aim for and achieve.

Another feature of foreign direct investment has tended to be what the Gray Report called the "underdevelopment of the technostructure" (Information Canada, 1972:296) since much of MNE research activities are carried on in the United States or the other metropolitan centres. In the past this has meant an outflow of Canada's trained personnel to areas where they could find the requisite equipment. The research that MNEs sponsor is not usually for the benefit of any one subsidiary nor for the interests of Canadian development, but for the benefit of the MNE as a whole.

Finally in this list of drawbacks of reliance on foreign direct investment, is the assertion by some scholars associated with the Waffle that such investment results in de-industrialization. Such an analysis is based no doubt on earlier studies which found that metropolitan powers have often impeded the industrialization of their hinterlands. For example, Nehru and Bettleheim have argued that India was de-industrialized by British intervention into the Indian national economy. Marx realised the havoc played on the industries of China and India by the British textile industry. Stanley Ryerson has argued that New France's industrialisation was impeded by the colonial relationship to France (Ryerson, 1960-1972:161,200).

Several articles in Canada Ltd (1973) refer to the de-industrialization thesis. Thus Jim Laxer pointed out that the percentage of the paid non-agricultural work force in Canada employed in manufacturing had fallen from 24.5 per cent in 1965 to 21.3 per cent. Laxer added, "Among western countries, only Greece and Ireland have a lower percentage of their work force employed in manufacturing" (Laxer, 1973:129).

In the same volume, Mel Watkins outlined the rationale for the hypothesis of de-industrialization, that it is a by-product of an economy overly dependent on staple production and resource extraction:

> A decade ago, economic historians agreed that the pace and pattern of Canada's development was still fundamentally determined by foreign demand for its resource exports. And in the very recent past, which may be the harbinger of things to come, we are becoming increasingly reliant on staple exports, that is, we are being subjected to a process of de-industrialization from an already weak base. In the long run, as Bourgault warns us, if we keep on this path, before the children of today could reach middle age most of the resources would be gone, leaving Canada with a resource-based economy and no resources (Watkins, 1973:114).

It is true that Clement has warned against an overly broad acceptance of the de-industrialization thesis. He writes, "The evidence to support the thesis is only slim at this point, restricted to a small region of Canada, and not sufficiently developed to be considered a trend" (Clement, 1975:124). However Clement may have misunderstood or at least over emphasized one aspect of the de-industrialization thesis. He bases his above comments on an understanding that the de-industrialization thesis entails "a withdrawal of U.S. manufacturing plants from Canada to the U.S." (p. 124). Such withdrawal had occasionally happened, and the threat of such withdrawal is always a lever for the metropolis centres to wield. But from the quotations cited from Laxer and Watkins, it is evident that a major part of the de-industrialization thesis is centred on a dependency on resource extraction or staple products, and not on an actual transfer of plants. Thus manufacturing in Alberta may be unimportant not only or solely because of a transfer of plants but because of the encouragement given to oil and natural gas extraction as the basis of the provincial economy.

Finally, at an overall level, reliance on foreign direct investment has been criticized because it is claimed that MNEs no longer operate as economic units unrelated to politics, but instead MNEs are integrated with the national policies of the states in which they are domiciled. In other words, that MNEs may be international in their operations, but are national in their policy orientations.

This type of criticism of foreign direct investment has been expressed in a paper by Professor Andreas G. Papandreou presented to a Joint Session of the American Economic and American Finance Associations on December 28, 1972. From the text of the revised version published in Canadian Forum:

> To begin with, the term "multinational" hides the fact that these corporations operate transnationally from a national base, that in almost all instances they are ethnocentric. This is reflected in part in the strong resistance of these corporate systems to ownership by nationals of the host countries. What is more important, however, is the intimate and close relationship between the managements of the parent companies and the government apparatus of the states where they have their national base. The national-base governments see these corporate systems as devices for the expansion of the political and economic control beyond their shores, as instruments of their foreign policy. In return, the multinationals rely on the power of the state to further their interests globally. The recent example of the exploits of I.T.T. in Chile should have made clear to all the symbiotic character of

> the relationship between the state machinery of the U.S. and the management of U.S.-based multinationals (Papandreou, March, 1973:10).[2]

Referring essentially to the same phenomenon, Kari Levitt referred to it as "the new mercantilism" citing "the way enterprises use their economic power and their political influence, and indeed, the military strength of their metropolitan governments, to protect their investments against disruptions in the market for their supplies and their sales" (Levitt, 1972:3).

METHOD

The empirical data of this paper is based on a survey of all Canadian senators sitting between 1972-74, and all ex-cabinet ministers or governors-general for the same period. Exact data was sought on this entire group as to the extent that they sat on the boards as directors or executive officers of subsidiary companies in Canada, or on the boards of companies which are associates of foreign companies. The raw data of directorships and executive offices was compiled mainly from the annual series, The Directory of Directors, put out by The Financial Post. The Directory of Directors is a reliable listing of directors and executives which has been used by such previous social scientists as R. Presthus and W. Clement. Since 1959 it has also included a section at the end of the boards of all important Canadian companies. The first section is arranged by individual with his directorships and offices listed under his name.

On the foreword page of the 1975 edition, which covers the business year of 1974, the publishers expalin:

> Inclusion in the Directory of Directors involves no obligation of any kind. No one may pay for a listing. All listings are selected at the discretion of the editors....All information has been submitted to the individuals for verification. Where such a request brought no response, the information has been compiled or revised from official annual reports and other sources believed to be reliable (The Financial Post, 1975:3).

The raw data thus collected was then compared with information from the O.W. Roskill series Who Owns Whom, North American edition. This series lists all subsidiaries with the mother company and country of ownership listed along side with subsidiary. In another section it also lists all major companies in Canada which have subsidiaries, listing the latter underneath.

O.W. Roskill Ltd has been putting out compilations of Who Owns Whom since 1962. A British firm, the North American edition has been issued annually since 1969 (North America consisting of Canada, the United States, and Mexico). The definition of subsidiary is similar to that used by the Canadian government: "A subsidiary is defined as a company more than 50 per cent the share capital of which is owned by another company" (O.W. Roskill Ltd, 1974:v).

A somewhat more involved concept is that of an associated firm. Roskill defines a company as an associate

> when it is described as such by itself or where it has announced that it has acquired a substantial interest in another company or where published information is available that it owns not less than 10 per cent of the issues share capital of the other, or where a company is classed by another company as an associate irrespective of the size of the holding (O.W. Roskill Ltd, 1974:v).

With the widespread diffusion of stock, many companies are effectively controlled by far less than 50 per cent of the stock. Thus to include associated companies is simply to recognize this fact.

FINDINGS

Between 1972 and 1974, 30 sitting Senators or former cabinet ministers or governors-general were sitting on the boards of subsidiaries or associated firms of foreign companies in Canada. These may be broken down into 21 Liberals, 7 Conservatives, 1 Social Credit, and 1 Independent. Broken down by position, we find 13 former cabinet ministers (including a former Prime Minister), 1 former Governor-General, and 16 sitting Senators who were not cabinet ministers. Also included on the list are two former Premiers of Canadian provinces (Lesage and Manning), the former who was also a cabinet minister under St.Laurent, and the latter who was appointed a Senator by Prime Minister Trudeau.

A total of 8 individuals of the 30 had been active on foreign boards as executives, that is 27 per cent. The total number of directorships and executive offices held by the 30 numbered 89, although some held as few as one directorship while others held up to 12 posts on foreign boards. Thus the average number of posts held by each politician was 3 per individual.

From Table XIX in the appendix can be seen the name and former or present political office of each politician, the Canadian subsidiary or associated firm listed by individual, and the MNE and country of ownership of each MNE.

Table XX of the appendix includes a listing by country of each MNE, the location on the Fortune Doublt 500 Directory in the case of American MNEs, and the politicians affiliated with each MNE. Altogether from the data compiled it can be seen that 70 foreign MNEs were represented by the 30 federal businessmen-politicians. Of these 71 MNEs, 37 or 53 per cent were based in the United States, 13 or 19 per cent were based in the United Kingdom, 6 or 9 per cent were based in West Germany, and the rest came from Switzerland (4), France (3), Japan (3), Italy (2), Belgium (1), and Sweden (1).

Of the American-based MNEs, 27 or 73 per cent were either in FORTUNE's Top 500 list of industrials or else were in the Top 50 of speciality listings (eg. commercial-banking, diversified-financial). 30 of the American MNEs, of 81 per cent of the American sample, were listed in FORTUNE's Double 500 Directory of industrials or else in the Top 50 specialty listings.

As can be observed by reading Table XXII, several MNEs had multiple representatives on the boards of their subsidiaries. For example, Ciments Lafarge of France during 1972-74, was represented by 2 former Liberal Cabinet ministers (one the father-in-law of Prime Minister Trudeau), by 1 former Conservative cabinet minister, now a Senator, and by a Liberal Senator as well.

It may be reasonably asked what percentage of Canadian federal politicians who enter business careers come to sit on foreign boards. Because the data is only available for the years 1972-74 in the present study, it is not possible to determine this. However if we look at the cabinet ministers from the Diefenbaker and Pearson years who have retired to business careers, we find a total of 10 of 24 former cabinet ministers, of 42 per cent who were sitting on such foreign boards during 1972-74. It appears from the data that participation on a foreign board is a normal part of the business careers of businessmen-politicians.

If one was to have data covering the entire business careers of federal politicians, it is likely that slightly over 50 per cent would have sat at one point or another on foreign boards. For example, although not currently sitting on a foreign board (unless Thomson Newspapers Ltd may be so described), former St. Laurent cabinet minister Walter Harris was from 1960-68, a director of Dollar Land Corp Ltd which was a subsidiary of Dollar Land Holdings Ltd, UK. Further information on the association of businessmen-politicians on foreign boards is included in, *infra*, Libbie and Frank Park's *Anatomy of Big Business* (1962-1973). It might be added that because of the criteria used, the list of businessmen-politicians associated with foreign interests would be underestimated in the present study since only outright subsidiaries and associated firms are included.

It is also interesting to note the large number of Canadian Senators who during 1972-74 were representing foreign MNEs — 18, a total which includes several former cabinet ministers who found seats in the Senate after their cabinet tenure was over. It is reported by political scientists (N. Ward)[3] that Senators often use their political office as Senators to lobby for firms on whose boards they sit. In the case of Senators who represent MNEs, Canadian taxpayers are in effect subsidizing the the lobbyists of foreign companies. For example, Time Canada Inc has one representative in the Senate, Senator John Lang Nichol, and one can suppose the chances are high that he is involved in the current legislation that would crucially change the status of Time magazine in Canada.

INTERPRETATION

In the first part of the paper it was mentioned that in earlier Marxist theory, national bourgeoisies were seen as leading the national struggle to build up nation-states in order to expand their own capitalist enterprises over a specific territory and nation. Stanley B. Ryerson's Unequal Union, although published recently (1968) bases his analysis of the drive towards Confederation as the result of Canadian capitalists and their political representatives to build such an autonomous sphere for capitalist development (Ryerson, 1968:309).

However since the late-Victorian period, capitalism has developed into a system of imperialism characterized by a chain of metropolis-hinterland relationships. Gunder Frank has emphasized in his works on Latin America that such relationships have been a feature of capitalism since the European conquest of the Americas. But with the growth of monopoly in industrial and financial enterprise, the type of capitalism also changed.

A.K. Davis has defined these terms of hinterland and metropolis as follows:

> Hinterland means, in the first instance, relatively underdeveloped or colonial areas which export for the most part semi-processed extractive materials — including people who migrate from the country to the city for better educational and work opportunities. Hinterland may also usefully denote urban underclasses as well as rural peasantries and rural proletariats. Metropolis signifies the centres of economic and political control located in the larger cities. Further, the term may denote urban upper-class elites, or regional and national power structures of one sort or another (Davis, 1971:12).

It is a most important feature of advanced capitalism that power is being concentrated into ever fewer enterprises — MNEs, and also into fewer countries where such MNEs are domiciled. As noted earlier in this paper, MNEs characteristically extract large capital surpluses from the countries which they enter, and because of their size and stability, are usually able to raise all the cash they may need from the financial circles of the hinterland itself. Of course, the more the capital outflow, the more are metropolitan areas strengthened relative to the hinterland regions. Thus a vicious cycle of ever increasing poverty is contrasted to other regions which enjoy growing affluence due to the economic exploitation of the hinterlands. When hinterland areas make serious efforts to fight back, they are subjected to the more stringent forms of military and political influence.

This concentration of metropolis power in a few hands is seen in that of the 250 top world industrial corporations in 1971, 150 or 60 per cent were centred in the United States. 224 of the largest world industrials, or 90 per cent of such firms were domiciled in the United States, Japan, Germany, Britain, and France (Clement, 1975:107).

Because of this ever growing degree of monopoly and centralization creating the metropolis-hinterland relationships pointed out, only a few national bourgeoisies are able to be effectively competitive on a world scale. Just as in the earlier situation of the creation of national home markets, where the classical economy of multitudes of small firms has given way to domination of national markets by a few giant firms, so the concentration at the international scale has gone on at such a pace that among the national bourgeoisies of the world, a few have become dominant over the rest.

Thus because of the nature of the development of capitalism, the bourgeoisies of hinterland areas are likely to be weak and their aspirations for a national, patriotic role is weakened by the lure of fast monetary gains to be made from selling out at excellent prices to MNEs who have the resources to buy. For example, McClelland and Stewart was almost sold to an American MNE since no Canadian buyers could be found. Even if a Canadian buyer could have been found the chances would have been that the American MNE would have controlled greater resources to buy out than almost any Canadian firm (for details, see Levin and Sylvester, 1972:21-32). After the sell-out of national firms to MNEs, the branch-plant boards are often partly filled with prominent Canadian businessmen and businessmen-politicians for reasons of prestige, security, local business knowledge, and influence with the government.

In analyzing the participation of Canadian businessmen and businessmen-politicians on subsidiary boards, we must avoid simplistic interpretations which depend solely either on the stick or carrot analogies. Instead the domination of a national economy byMNEs requires the use of both the stick and the carrot to effect the cooperation of elements of the local bourgeoisie. At different times, in different locations, among different sectors and members of the national bourgeoisie, MNEs will use different approaches to gain their ends. In interpreting the behaviour of the Canadian bourgeoisie, we must avoid analysing them as completely open to free willto "choose" independence (as George Grant occasionally seems to do), nor must we see their behaviour as completely forced by American or other foreign imperialisms — which would tend to whitewash them as completely determined in their actions by outside forces and thus to rehabilitate them as a potential "national bourgeoisie" in the older Marxist analysis.

On this point the Parks have written:

> It is not that these Canadian directors in U.S. controlled corporations lose their capacity for independent thought and become mere agents for U.S. interests or that they are devoid of influence on the boards on which they sit.
>
> They are not simple reflections or mouthpieces for U.S. groups (even if the emphasis perhaps falls on the word simple). The relationships are often subtle and complicated. But the fact remains that the attitudes, policies and actions of Canadian financial groups cannot be understood without analyzing their ties with U.S. capital.....They could not retain directorships in U.S.-controlled companies if they were not in broad agreement with the policies of the groups in control of those companies (Libbie and Frank Park, 1962-1973:52).

In conclusion, it may be said that Canadian businessmen-politicians do not seem to hold qualms about sitting on the boards of foreign subsidiaries or associated firms. Their behaviour accords both with the interpretations of Stalin and Grant that national bourgeoisies in general, and the Canadian bourgeoisie in particular, no longer are in a classical economic situation of arms-length competition with other national bourgeoisies.

Instead Canadian businessmen-politicians, an important if overlooked part of the Canadian business community, are quite happy to sit as directors and executives of foreign firms in Canada. As businessmen, they can no longer be considered to be playing the role described by Ryerson of the earlier Canadian bourgeoisie, ie. the building up of an indigenously-owned capitalism.

Although Canadian politician-businessmen sit on Canadian boards, they also sit on foreign boards with no apparent reluctance.

Thus they see no contradiction between their own role as Canadian politicians dedicated to the development of Canada, and their role as businessmen extracting a surplus for the foreign metropoles.

NOTES

1 The data compiled for this chapter was for politicians who have become businessmen. In their former role they may be analyzed as representatives of the superordinate class, what Marx and Engels called the bourgeoisie. When such politicians become businessmen, they themselves become members of the bourgeoisie. By bourgeoisie, as Marx ans Engels defined it, "is meant the class of modern Capitalists, owners of the means of social production and employers of wage labour." (Engels, 1888-1971:32). There are degrees in assimilation into the ranks of the bourgeoisie. A member of a capitalist family of several generations is obviously a fully-assimilated member of the bourgeoisie, a first-generation executive of a major corporation, less so, and an occasional director still less so. Nevertheless an occasional director has taken the first steps toward membership in the bourgeoisie. Many members of the government elite fall into this latter group, although many representatives could also be found for the first two groups. Thus this chapter posits that politicians who join boards of directors are incipient members of the bourgeoisie. During this chapter when comments are about bourgeoisies, the politician on corporate boards should also be included in the reader's mind in that category.

2 Something of the implications of Papandreou's remarks can be seen in the results of a paper by Dr. Terrence H. White. Papandreou it will be remembered, asserted that MNEs operate transnationally from a national base. White undertook a study of the role of boards of directors in 29 manufacturing companies with head offices or operations

centred in western Southwestern Ontario "the area west of London, Ontario" (1975:5). White found that the boards of Canadian-owned corporations had an influence in the management of the concern in 64.3% of cases. For non-Canadian- owned concerns, the figure was only 28.6%. 71.4% of the foreign-owned companies showed no board influence, while the Canadian-owned companies showed a comparable figure of 35.7% (White, 1975:Table II).

3 "Businessmen in the Senate unquestionably use their free offices in Ottawa to further their business interests." (Ward, Dawson, and Dawson, 1974:66).

CHAPTER IX: CONCLUSION

In the past several hundred pages we have been engaged in an attempt to understand the Canadian political system. We have observed a good deal of descriptive data which underlines the interrecruitment patterns between politicians and the business sector. As posited at the beginning, in Chapter I, the pluralist view of the State has been found empirically weak. The State and the business sector are not relatively dissociated institutions. This is not to argue, of course, that the State is run by the largest capitalists, each dressed in their tuxedo and top hat. This view, presented by Joseph Stalin in his lectures at the Sverdlov University, was rejected in Chapter 1.

As Gold, Lo, and Wright point out, Miliband "even argues that the state must have a certain degree of autonomy from manipulation by the ruling class" (Gold et al, 1975:33). If the two sectors were manned by exactly the same people, and if this control of the state by the business sector was ritualized and institutionalized, there would be little argument that the state was run by the owners of the means of production. Ralph Miliband notes that such situations have existed in the past in "the early history of capitalism, such as the commercial patriciates of cities like Venice and Lubeck" (Miliband, 1973:51).

However in liberal democracies, the rhetoric of the open society is prevalent. The 'democratic' or open nature of the political system is stressed — the notion that any boy (not yet girl) may rise from log cabin to White House. In some select cases, individuals may indeed come to political prominence who have been elevated by means of the social mobility ladder. This phenomenon does not, however, mean that the class nature of the political system has been overcome. At least since Samuel

Smiles and his book Self-Help (1859), the proletarian classes have been urged, as individuals, to better themselves inside the existing social system, rather than to change the nature of the social system itself.

The more intelligent members of ruling classes, which party we may call the 'whigs', have advocated a policy of accepting the more ambitious members of the proletarian classes into their circles. Much of the interest in E. Digby Baltzell's book, The Protestant Establishment: Aristocracy and Caste in America lies in the authors castigation of the American superordinate classes who will not accept the growing numbers of upwardly mobile individuals from proletarian or ethnic minority groups who wish full acceptance into the ruling class. This policy mainly centres around country clubs, summer clubs, and urban social clubs. Baltzell bemoans the fact that "the local upper class has not been all receptive to the ideals of aristocratic assimilation as far as minority ethnic talent is concerned" (1964:357). Yet membership in such clubs is crucial for purposes of corporate mobility. "For today, and especially in the years since the end of the Second War, membership in one or two of the leading men's clubs, which lie in the centre of communal power in most large cities in the nation, has become a tacit prerequisite for promotion to the top positions in the executive suites of our large national corporations" (Baltzell, 1964:362).

In the political system, however, recruitment from the proletarian classes is not unknown, and recruitment from the middle classes is the rule. Examples of politicians who came from lower or lower-middle class backgrounds include Arthur Meighen, John Diefenbaker, Paul Martin. Others could be cited. But whatever the social class background of Canadian politicians, it is clear that they must become assimilated into certain types of occupational, acquaintanceship, kinship, and club structures.

In a society of contest mobility[1] such as characterizes Canada, what matters is not so much the hereditary nature of kinship but cooptation and assimilation into the proper circles. But having said this, one must immediately add that membership in certain families enormously aids and facilitates entry into the proper circles. In addition, the social circle created by certain families is in itself part of the upper class affiliation structure. As Baltzell points out, "In the long run, of course, the family is the basic unit of any class" (1964:329). The family, one adds, based on the ownership of property.

However, as has been pointed out, the politician of proletarian or middle class background can climb socially and economically if he adheres as much as possible to all remaining components of the upper class affiliation structure. This involves training in one of the professions, especially law with its intermediary role between the citizen, the corporations, and government. Training in other professions such as engineering, accountancy, medicine, etc. may suffice, but normally law has been the most important profession for an ambitious young politician wishing to enter the Canadian ruling class. It has been pointed out earlier that lawyers are the most numerous group both among the Canadian corporate elite and among Canadian cabinet ministers. Lawyers composed more than one-fifth of the corporate elite, and about half of the Canadian cabinet ministers (Clement, 1975;1975c).

When one thinks of the term "lawyer", one may think of the criminal lawyer since television dramas have investigated this area of the legal profession. However a good deal of a lawyer's income and practise may deal with the world of business. Lawyers may serve the corporations either as independent attorneys or as corporation lawyers. Often a lawyer will remain independent but will handle the business affairs of certain firms on a regular basis. Thus for example the connections of the Lougheed-Bennett firm were with the CPR and Hudson's Bay. Finally, many company executives are trained in law, even though the practise of law may not be of major importance with their corporate position. An example in this category was Senator Wallace McCutcheon who was one of the main executives with the Argus Company and its empire.

At the higher levels of business, lawyers may even serve as directors for "absentee owners" who do not have the time or desire to serve as directors. For example, the interests of the Rockefeller empire would be too large for the Rockefellers to represent in person. Trusted corporation lawyers may be hired to sit in as the representatives of major capitalists.

Since law is one of the best paid professions, since it serves as an intermediary profession between business and politics, since many members of the ruling class are trained in the legal profession, and since law is a profession which deals with private property as one of its major concerns, then entry into the law is an excellent way for upwardly mobile individuals to make contacts, and to join the proper upper-class affiliations networks.

In this thesis, we have seen several examples of how this affiliation network operates. Sir Robert Borden came from a fairly lowly background, he became a lawyer, joined one of the provinces best known firms, and then made such associates as the Tupper family. Similarly, R.B. Bennett entered law school, was a protege and political supporter of his Dean, and was introduced to James Lougheed because of this network. Also, because lawyers have many clients, because it is an intermediary occupation, lawyers come to know a wide range of community and national influentials. This network is extended, of course, by involvement in politics, and by memberships in the right clubs. Eventually, the upwardly mobile young politician may be able to cement his position with marriage and kinship connections. Clement and Porter both listed many cases of this pattern. One example would clearly be Robert Bourassa, and his marriage into the Simard family. Another example was Louis St. Laurent who clearly married "up" in the social scale.

In our study of Canadian federal politicians, we were able to identify numerous different patterns of the linkages between the business and political sectors.

One of the most prominent of these patterns was the politician of relatively undistinguished background, who entered the professions or business, who built up contacts with a suitable affiliation network, who made a name in political life, and who then became a major businessman. Not infrequently such men leave "heirs" who remain important businessmen after the retirement or death of their fathers. Thus we are now in the third generation of Meighens, since Arthur Meighen first made his name in law, then politics, and then business. His two sons became businessmen, and a grandson is now a prominent party politician. Another example would be Paul Martin, from a working-class background, who became a lawyer and academic, then a politician, and finally a diplomat. His son is now a major Canadian businessman with Power Corporation.

We have also seen examples of prominent businessmen who have become politicians. James Richardson or Vincent Massey come to mind. But perhaps the more typical case in the Canadian situation has been the middle-class professional who has entered political life. Certain observers (Porter; Roberts) have said that largescale Canadian businessmen or tycoons do not enter political life. In one sense this is true. No doubt the vagaries of the political system, with the necessary strain of election procedures, cools the ardor of many tycoons or members of the Canadian corporate elite. Yet there are several points to be made. To reiterate Miliband, businessmen, tycoons, members of the corporate elite *do* enter the Cabinet with some frequency. Others have places provided for them in the Senate or other non-elective positions such as Lieutenant-Governorships.

Thus despite the "open" nature of contest mobility, the Canadian political-economic system remains based on a class division. Much of this thesis has served to show the rather narrow basis of recruitment. Clement and Olsen point out that: "Our state officials, elected *or* appointed, are drawn from about 6 per cent of eligible Canadian voters — the other 94 per cent of the electorate: women, other ethnic and religious groups, white collar and blue collar workers, the unemployed and welfare poor have no direct representation at all in national decision-making" (1975:28).

However, the Canadian ruling class has remained whiggish in its willingness and ability to assimilate generations of upwardly mobile ambitious men. As Baltzell explains:

> On the other hand, a small but growing minority of old-stock aristocrats, following the Whig tradition in England, were willing to share their privileges with distinguished members of minority groups in order to maintain their traditional power and authority within the ranks of some sort of new and heterogenous establishment (1964:xii).

Politics in Canada has served as one method for such lower or middle class men to rise to membership in the Canadian ruling class.

In discussing what Gold, Lo and Wright have called the "instrumentalist" theory of the state, certain authors have criticized this approach as being overly voluntarist in the sense that it may emphasize personal networks rather than structures. Yet the present author remains baffled at such a criticism, since it seems clear to him that such personal networks and connections are in themselves structural mechanisms. The mistake is when "structuralists" attack the instrumentalist school for only pointing out specific networks and connections. Such structuralists believe that by pointing to specific affiliation networks, instrumentalists are pursuing a voluntaristic course. This would seem to be an error of abstraction. Simply because one can refer to specific people as indicating a linkage does not mean an impossibility that a more general relationship is indicated.

We have seen that linkages, interrecruitment patterns, affiliation networks, are of long duration. The same pattern dates back at least to the 19th century (Swainson, 1974). However it is not the absolute time involved which points to the underlying structure, but to the logical connections. Wallace Clement and Z.A. Jordan have this to say on the matter:

> A social structure is a stable set of relationships among the various parts of elements making up the totality of a society. However, to say these relationships are stable does not discount their continuous transformation. As Z.A. Jordan has said in his summary of Marx, "macro-sociological structures and laws can claim validity only within a specified period of time, and therefore, must be considered historically" (Clement, 1975b:8).

When structuralists criticize instrumentalists they may forget that while structures may determine man, "Men make their own history but they do not make it just as they please" (Marx, 1852-1972:10). Structures include not only abstract, externalized forces but also men themselves in interaction.

* * * * *

But perhaps one more question must be raised before a conclusion is achieved. It has been pointed out that businessmen often seem opposed to the actions of the State. Recently Pierre Trudeau's call for an end to "free enterprise" has created an uproar among many businessmen. To understand this situation, several answers may be suggested.

It has been suggested in this thesis that the business of the state is to protect the pattern of private ownership whereby private individuals pocket the results of cooperative production processes. The more wealthy capitalists or members of their families are often rewarded by the state — a Roy Thomson becomes a Lord Thomson, a James Dunn becomes Sir James Dunn.

However the complexity of the system in actual operation must be stressed. There are major contradictions between the manufacturing, financial, retail, and wholesale sectors of the market economy. Within these larger categories the structure of markets, the effects of size, etc. also create possibilities of contradiction. The small shop owner fears the development of chains and vertical and horizontal marketing. Thus in the day to day operations which the state must engage in to keep the system as a whole in order, many groups are effected differentially. Over the course of time, it is not unlikely that any one specific concern will have had problems or controversies with the state.

The above point is emphasized by Roy MacLaren, a former diplomat, who is now Chairman and Chief Executive Officer of Ogilvy and Mather (Canada) Ltd. This former civil servant was quoted to say:

> It seems that the main preoccupation with businessmen today is their relations with government. I don't think it is possible for anyone in an area of public visibility to ignore government in the marketplace (Cotter, 23 July 1975:B4).

Secondly, part of the sensitivity of relations between the state and business is caused by the fact that the two sectors _are_ separate and autonomous to some degree. The thrust of this thesis has been to stress the overlaps, the linkages, and the interrecruitment patterns. However, each individual in either sector develops primary groups, associational activities, and reference groups selected from his day-to-day occupational spheres. The aim of businessmen is to maximize their profit and to ensure their corporation's security. The aim of the state remains to ensure a social order based upon the socio-economic system of capitalism. Thus not infrequently there are conflicts between the two sectors since there is a limited differentiation of aims. Differences may also be caused by clash of long-term and short-term aims. If governmental long-term policies conflict with business short-term aims, or _vice versa_, conflict may ensue.

Whatever the degree of outward conflict, the true relationship remains one of non-antagonistic contradiction.[2] Even in a social-democratic country such as Sweden which has had over 40 years of social democracy, "over 90 per cent of the economy is owned privately by capitalists. The social relations of production are hierarchical (capitalistic) and the allocation of resources is through the marketplace" (Stevenson, 1974:42).

Allied with the above point is the long tendency for members of the ruling class to label any change not of strict orthodoxy as socialist or socialistic. Thereby the general public is convinced of the occurrence of the great, rapid change which does not take place. Many businessmen considered Mackenzie King "radical" and "socialistic" at the point of his election. Sir Robert Borden, himself a former Prime Minister, referred to R.B. Bennett's New Deal programme of 1934 as socialistic; businessmen and other commentators continue to refer to the NDP as a socialist party. When Social Credit regained the government in the recent British Columbia election, the Edmonton Journal headlined "BC rejects socialism".

In capitalist society, the constant invention or attribution of radical or socialistic ideas to political leaders and their parties has tw[illegible] functions: on the one hand, it warns the more conservative and orthodox members of the ruling class of the immanence of undesirable change. On the other hand, political leaders and parties may gain whatever positive connotations are currently attached to radical or "socialistic" ideas. This on occasion may be of electoral value. Thus amazing as it may seem given our earlier discussion, Mackenzie King gained a reputation of being the working man's friend despite his association with the Rockefellers. Another example was Sir John Macdonald who showed some support for the early trade union movement and thus gained the working-class vote.

Another point worthy of note in this discussion is to question the widespread opinion that capitalists know in a very objective fashion what is in their best interests. The workings of the capitalist economy is complex and almost invisible. In earlier decades, economists and businessmen accepted the rhetoric that limited state intervention was best. More recently since J.M. Keynes, the greater expansion of the state has been accepted. However, the exact extent and the type of intervention were still very open to question. Now that Keynesian solutions no longer seem adequate in the most recent period of high unemployment and high inflation, there is once again a spirited discussion underway as to the "correct" extent of government intervention in the economy. Although many businessmen cry for less government intervention, Trudeau does have his own supporters from the business world.[3]

There is no reason why one should expect all capitalists to be united in their opinions on how the political-economic system should be governed. They are united on essential elements but strategies and emphases may vary widely. During the Depression many businessmen attacked President Roosevelt for his New Deal. Other businessmen, perhaps a minority, supported him. The result of the New Deal would seem to have been the salvation of the capitalist system in America. Yet many of the beneficiaries did not recognize this at the time. In some cases, the short-term interests of the businessmen may have conflicted with the longer term aim of the New Deal.

Evidence of the differing views of capitalists on the relationship between state and business was seen in the attitudes of George and James Richardson. The first, more orthodox in neoclassical terms, desires less government interference in the economy. The latter, formerly the leader of the business section of the Richardson family, feels that the Liberal policies of Keynes are more appropriate. Each man is a major Canadian capitalist, the two are brothers, but both argue over the exact balance desired in state-business relations.

The above passages have been included to show that the existence of tensions between government and business sectors does not destroy the "intimate connection" of the two sectors. The sexual implications of the title may be useful in this explanation. Male and female both serve social, marital, and sexual functions. That there is not a total overlap of the two sexes does not destroy the intimate relations carried on. The two partners may fight with each other. Even such fights do not destroy the intimate connection between the two partners. The situation is similar between the state and business. The patterns we have observed would never have been possible if not for the underlying intimate connection of state and business sector.

* * * * *

As we have seen, the actual operation of the capitalist system tends to remain clouded by contrary verbiage. While the capitalist mode of production persists, we are constantly subjected to the possibility of a supercession of capitalism. Thus every decade or so a Keynes or Galbraith promises us that by means of an evolutionary path, we have surpassed the capitalist system. Politicians too, as we have seen, occasionally vie in their advocacy of "socializing" reforms.

Meanwhile the objective reality of the capitalist system remains. This has been well documented empirically by Leo A. Johnson, who studied the distribution of income in Canada from 1946 to 1971. In capitalist society income distribution is very important since income remains a key tool in accumulating capital. Johnson points out, "Once a closer examination of the capitalist labour market is made, however, it becomes clear that not only is there an ever-widening gap between rich and poor but that more and more of the income-earning population is becoming locked into an economic relationship which creates poverty among workers" (1974:1).

In applying his methodology, Johnson divided income earners by deciles for every five-year period from 1946 to 1971. It was just this period that founded the "End of Ideology" school of Lipset, Bell, Galbraith. In Canada a collection of thinkers publishing their proposals for a creative politics in the 1970s, thought of the question of capitalism as a bit of old hat. Yet during this 25 year period which included terms of office by King, St. Laurent, Diefenbaker, Pearson, and Trudeau, Johnson was able to conclude:

> First, as a result of the rapid and disproportionate changes in income earned in each income level between 1946 and 1971, disparity between rich and poor earners has increased enormously. For example, in 1946 the richest ten per cent of earners received about 20 times as much income as the poorest ten per cent, whereas in 1971 they received 45 times as much. Similarly, in 1946, the income received by the richest decile equalled that received by the poorest 55 per cent of earners, whereas in 1971 their income equalled that of the poorest 64 per cent of earners (1974:4).

Keeping the capitalist system in mind, Johnson also added that the richest decile of Canadians "are the beneficiaries of more than seventy per cent of all new wealth created for Canadians by capital gains achieved through the growth of corporations" (Johnson, 1974:6).

Thus in that very period when the supercession of capitalism was touted by amny social scientists, the disparity among Canadian income receivers was broadening in the favour of those already best off. Johnson's data shows the importance of looking at concrete empirical research; that is necessary because the demands of the electoral system under capitalist society keep demanding that candidates proclaim miracles for the masses.

At various intervals politicians duly announce programmes which promise great change. Under the pressure of the CCF, the Liberals introduced numerous welfare measures; R.B. Bennett attempted his New Deal; when youth became a political power in the late 1960s, the Liberals established the Company of Young Canadians and Opportunities for Youth (now both slated for disappearance since youth as a political category is fast declining in importance).

In other words, the party system is able to coopt change, promote the vision of change far greater than is actually accomplished, and then to claim credit for keeping up with the times. This game has been played at least since the 1870s when Conservative Leader courted organized labour support by recognizing the legal existence of unions. However despite all these "socializing" reforms brought forth by Canadian Prime Ministers and governments, capitalism remains the Canadian mode of production. The accumulation of capital by individuals and families continues as is evidenced by Leo Johnson's study.

It is this basic fact which allows the capitalist mode of production to continue. It is not the existence of family allowances or "mincome" policy that destroys capitalism. It is the destruction of control over capital by individuals and families. This is evident in The Communist Manifesto, written by Marx and Engels in 1848, where the principles of the abolition of all right of inheritance and a heavy progressive income tax were incorporated into the programme (1848-1971:54).

Now that the Liberals are trying to apply wage and price controls, their strategy is to try and freeze each person at the level to which he or she is situated. Thus the attempted solution for inflation is not some form of social justice which would bring a degree of equalization to the current anarchic system of income allocation; but a simple freeze to try and leave each person or group in the same relationship to every other person or group as was the case previously. Thus we are all supposed to try and restrain ourselves — each according to our current station. Jean-Luc Pepin, head of the anti-inflation board, tells us that he is restraining himself with a paltry $54,000 per annum and that this is a much smaller income than that he received as a private businessman.

It is evident that whatever Pierre Trudeau's private or public ruminations about the free market system, the supercession of capitalism is hardly at hand. Enlightened public debate, however, is often made more difficult because of the easy use made of slippery terms such as "socialist", "socialistic", "free enterprise", "free market", and "capitalism".

* * * * * *

Given previous discussion, then, it must be clear that in the final analysis the state sector serves the capitalist system. The capitalist system serves a small percentage of the total number of people but because of capitalist hegemony, many myths receive popular favour that capitalism benefits all sectors equally well.

In Chapter I, several Marxist formulations were quoted on the subject of the state. We rejected Stalin's formulation because it was too simplistic — pointing as it did to governments set up the "the Rothschilds, the Stinneses, the Rockefellers and Morgan". Of course one might point out that 55 years after that speech a Rockefeller is Vice-President. The wealth of private individuals certainly can ease their way if they wish to enter the political arena.

It is at this level, however, where Gramsci's formulation seems more adequate. In this passage, Gramsci notes that the state is "the organ of one particular group" but also that the superordinate group must come into some equilibrium with "the general interests of the subordinate groups". According to Gramsci, the history of the state is a continuous process of "unstable equilibria" between the superordinate and subordinate groups. The interests of the superordinate group "prevail, but only up to a certain point, ie. stopping short of narrowly corporate economic interest" (Gramsci, 1973:182).

This approach to the state allows us a certain sophistication in dealing with the problem at hand. It is certain that the subordinate groups are not totally ignored by the state. Even representatives of labour are allowed opportunity to pass their suggestions to the government once a year. It is also evident that while capitalist governments often are found "with their hand in the cookie jar", this is more a muckraking than a scientific method to analyze the actual relations. However the interests of the dominant group do prevail since property relations are not overturned by Parliamentary parties. We have seen Johnson's data that the differential of income is increasing, and that the top decile controls most "capital".

Yet the capitalist state, because of its "democratic" basis, cannot beseen to act in narrowly corporate economic interests. When such is the case, when scandals do ensue, then capitalist governments may produce reforms. Under the logic of the electoral system, the government must be seen as acting in the best interests of all. Thus when times are good, or when challenged by social democratic governments, the people are treated to welfare programmes from the proceeds of their own money. The fundamental property structure and distribution of incomes remains unchanged.

In this context we must discuss the manning of the government elite. As we have seen, over 70 per cent of the government elite is recruited from the higher professions, especially law. Many of these professionals have been upwardly mobile. That is, it would be wrong to see the state elite as recruited from the dominant classes of more than one generation.

Nor do the government elite in general represent the "corporate elite" as such. In most cases the government elite are beginning to enter the circles of the ruling class but are not complete members. On the whole they act as representatives of the capitalist system, and certainly they do not foresee a supercession of capitalism. However it is true to say that they act in ways which the established ruling class might not engage in if the latter actually manned the government elite. All of this is not to ignore the representatives of the ruling class who do enter the government elite, such as James Richardson. Nor should one assume that the interests of the ruling class, or the corporate rulers, are always clear. It is an error often made by observers and analysts to expect fragmentation of the working class on political issues but to expect unanimity among the ruling class. There is no good reason for this expectation. As Gonick says, "A basic consensus on the necessity of capitalism does not preclude genuine differences on how it can be managed....Appearances and rhetoric aside, however, the quarrel revolves around differing conceptions of the best way to manage the same social and economic system....Modern liberalism, social democracy, and conservatism are variations on the same theme" (Gonick, 1975:50).

Thus we must be clear on the actual career patterns of the government elite. The government elite is partially composed of the Morgans, Stinneses, Rockefellers, Richardsons, and members of ruling class and corporate families. Normally, however, the bulk of the government elite is recruited from the professions. Essentially these professions serve the interests of the capitalist system — particularly the lawyer. Such lawyers often develop business careers; some are actually business executives. Nevertheless they must be distinguished from career executives or full members of the ruling class. Thus the government elite is recruited from a group which is closely tied to the capitalist corporate structure, but a group which is not itself the "technocracy" of particular corporations. Lawyers have an interest in the system as a whole and in its operations. Unlike most managements, however, they are not tied to one corporate structure or network.

Such upwardly mobile professionals do not necessarily join the true Canadian ruling class. They may do so, and many cases were cited in the thesis where this was true. On the other hand the government elite may remain relatively low level "fixers" and servants of the corporate system. Thus the ruling class and corporate system entrusts the state to upwardly mobile professionals; finances and party system, holds out the promise of corporate jobs and interrecruitment patterns, to a subordinate but crucial occupational fraction whose main function is to "smooth" out the working of the system.

If the corporate managers did enter the government elite or if the ruling class did so, then the political opposition might fasten on to this development. Instead lawyers and professionals who are not immediately identifiable as businessmen, man this sector. These professionals and lawyers seem to originate from society's middle classes, and an analysis based upon the theme of dissociation of the business and political sectors seems possible.

As we have seen, however, the separation of lawyers and professionals from the business category is an arguable procedure. Instead it is fruitful to observe the linkages. In many ways, the lawyer is himself a businessman who utilizes the entire corporate system as his possible operation. Many lawyers are identified with specific business concerns (such as Senator Wallace McCutcheon). However lawyers are in a unique position to act either in the centre or in the interstices of business operation.

This makes analysis of the government elite both simple and complicated. It never suffices simply to count lawyers as the member of a liberal profession. Lawyers may enter the business community at almost any level. They may become involved to represent their own interests or to represent the interests of others. They may become involved as directors or as executives. Their business operations may be a sideline or their main activity. They may act as freelance corporation counsels, or they may accept positions as highpriced "employees". Thus the position of the lawyer in the business system is one of extreme versatility.

In the work at hand, we have seen many of these patterns. Basically we have seen the types of interrecruitment patterns that are evident between the political and business sectors. We have seen that the government elite is manned by upwardly mobile businessmen and lawyers with business interests.

We have suggested that the state is basically a tool in the hands of certain dominant interests. Dominant classes utilize the state for the continuance of the capitalist mode of production. Our study has shown the overlap between the two sectors of the state and business. Thus the pluralist notion of dissociated sectors has been shown to be false. The demonstration of interrecruitment patterns is only one method which might be applied. Another would be sociometric investigation into businessmen-politician clique or friendship groups. Still another method would be to investigate governmental decision-making at key crisis periods (the Winnipeg Strike). The use of such methods would also bring rewards to the patient analyst.

Finally, we have had to discuss Canada in its context as a dependent capitalist state. This approach brought up such information as the affiliations of the Liberal Prime Ministers to multinational enterprise. We have also seen the numerous Canadian politicians who sit on the boards of foreign corporations. The strength of hinterland-metropolis ties have been so dominant in the development of Canadian society, that one cannot assume Canada to be an independent unit of analysis.

The capitalist system was long since transformed into a world system, and an attempt to place Canada within that world system has been present in the work at hand. To ignore these facts would have been to ignore a crucial feature of Canada's specificity. Canada is not simply an advanced capitalist country like the United States or western Europe. It has also been a society locked into successive centre-margin relationships.

In conclusion then, we can say that the data strongly supports Miliband's general position about businessmen, lawyers, and interrecruitment patterns. This follows because of Canada's position as an advanced capitalist state. In addition, certain features of Canada's dependent capitalist status were also observable in the career patterns of the government elite.

NOTES

1 Contest mobility is a system in which elite status is the prize in an open contest and is taken by the aspirants own efforts. While the 'contest' is governed by some rules of fair play, the contestants have wide latitude in the strategies they may employ....
Under Sponsored mobility elite recruits are chosen by the established elite or their agents, and elite status is given on the basis of some criterion of supposed merit and cannot be taken by any amount of effort or strategy.
Definitions from Ralph H. Turner, "Sponsored and Contest Mobility and the School System" in the American Sociological Review, 25:6, December, 1960.

2 For a discussion on the concept of antagonistic and non-antagonistic contradiction, see note 2 to Chapter IV.

3 On this point, see Alan Nasser's very instructive article "The Twilight of Capitalism" Contours of the Emerging Epoch" in The Insurgent Sociologist, Vol. IV:11, Winter 1976, pp. 5-28. Nasser shows that the problems of late Keynesian capitalism have forced the bourgeoisies to make greater use of the state "to protect its increasingly threatened position by a massive assault upon the living standards and conditions of work of the working class" (p. 6). To do this capitalists must, at this stage, resort to a political defense of profits, which means a closer alliance between the bourgeoisie and the state in a coordinated assault upon workers' living standards." (p. 8).

APPENDICES

Table XIX: Canadian Businessmen-Politicians and Their Participation on Foreign Subsidiaries and Associated Firms.

1 Lester Pearson, Secretary of State for External Affairs, Sept. 1948-June 1957, Prime Minister of Canada, April 1963-April 1968.

North American Car (Canada) Ltd, 1970-1972; NORTH AMERICAN CAR CORP, USA

2 James Sinclair, Minister of Fisheries, October 1952-June 1957.

Deputy Chairman, 1970-1972, Canada Cement Lafarge Ltd.
Director, 1974; CIMENTS LAFARGE SA, FRANCE - Dom.

Chairman, 1969, 73, 74, Lafarge Canada Ltd; CIMENTS LAFARGE SA, FRANCE

Canadian Industries Ltd, 1963-1974; IMPERIAL CHEMICAL INDUSTRIES, UK - Dom.

Columbia Cellulose Co Ltd, 1970-1972; CELANESE CORP, USA - MR.

3 George Marler, Minister of Transport, July 1954-June 1957

Chairman, 1966-1974, Les Ciments Lafarge Quebec Ltee; CIMENTS LAFARGE SA, FRANCE

Canada Cement Lafarge Ltd, 1970-1974; CIMENTS LAFARGE SA, FRANCE - Dom.

4 Jean Lesage, Minister of Northern Affairs and Natural Resources, December 1953-June 1957

Canadian Reynolds Metals Co Ltd, 1971-74; REYNOLDS METAL CO, USA

Lever Brothers Ltd, 1970-74; UNILEVER LTD, UK - MR.

Bigelow-Canada Ltd, 1972-74; BIGELOW-SANFORD INC USA and SPERRY AND HUTCHINSON SO USA, associates

Soletanche and Radio of Canada, 1973-74; SOLETANCHE SA, FRANCE, associate

5 Maurice Sauve, Minister of Forestry, February 1964-July 1968, and of Rural Development, October 1966-July 1968

BP Canada Ltd, 1969-1974; THE BRITISH PETROLEUM CO LTD, UK - Dom.

Benson and Hedges (Canada) Ltd, 1973-74; PHILIP MORRIS, USA

6 John Nicholson, Minister of Forestry, April 1963-February 1964; Postmaster General, February 1964-February 1965; Minister of Citizenship and Immigration, February 1965-December 1965; Minister of Labour, December 1965-April 1968

Weyerhaeuser Canada Ltd, 1974; WEYERHAEUSER CO, USA

Crestbrook Forest Industries Ltd, 1973-74; HONSHU MANUF'G CO LTD JAPAN, MITSUBISHI CORP JAPAN, associates - MR.

Inexco Oil Co (Canada) Ltd, 1974; probably foreign owned but unknown to the author at present.

7 Jean-Luc Pepin, Minister of Energy, Mines and Resources, October 1966-July 1968; Minister of Industry, Trade and Commerce, July 1968-November 1972

Westinghouse Canada Ltd, 1973-74; WESTINGHOUSE ELECTRIC USA - MR.

Celanese Canada Ltd, 1974; COLLINS RADIO USA

Collins Radio of Canada, 1974; COLLINS RADIO USA

Credit Foncier Franco-Canadien Ltd, 1975; FINANCIERE DE PARIS ET DES PAYS-BAS CIE FRANCE, associate - Dom.

8 Senator Joe Greene, Minister of Agriculture, December 1965-July 1968; Minister of Energy, Mines and Resources, July 1968-January 1972

Petrofina Canada Ltd, Nov. 1972-1974; PETROFINA SA BELGIUM - Dom.

9 Davie Fulton, Minister of Justice, June 1957-August 1962; Minister of Public Works, August 1962-April 1963

Eddy Match Co Ltd, 1969-1973; BRITISH MATCH CORP LTD UK

Canadian Reserve Oil and Gas Ltd, 1971-73; RESERVE OIL AND GAS CO USA

Guaranty Trust of Canada, 1972-73; NATIONAL BANK OF DETROIT, USA, associate - Dom.

10 Donald Fleming, Minister of Finance, June 1957-August 1962; Minister of Justice, August 1962-April 1963

Kroehler Manufacturing Co Ltd, 1968-1973; KROEHLER MANUF'G USA

British Commercial Property Investments (Canada) Ltd, 1967-1972; LONDON MERCHANT SECURITIES LTD UK

Central Commercial Property Investments (Canada) Ltd, 1969-1971; LONDON MERCHANT SECURITIES LTD UK

British Commercial Property Administration (Canada) Ltd, 1969-1972; LONDON MERCHANT SECURITIES LTD UK

11 William McLean Hamilton, Postmaster General, June 1957-July 1962

Chairman, Fidelity Life Assurance Co, 1968-1974; Director 1966-67; FRIENDS PROVIDENT AND CENTURY LIFE OFFICE UK

Chairman, 1968-1974, Century Insurance Co of Canada; Director 1967; FRIENDS PROVIDENT AND CENTURY LIFE OFFICE UK

12 Senator Jacques Flynn, Minister of Mines and Technical Surveys, December 1961-July 1962

Canada Cement Lafarge Ltd, 1970-1974; CIMENTS LAFARGE SA, FRANCE - Dom.

13 Douglas Harkness, Minister of Agriculture, August 1957-October 1960; Minister of National Defence, October 1960-February 1963

The Metropolitan Trust Co, 1964-1974; MANUFACTURERS NATIONAL BANK OF DETROIT USA: BANKHAUS H. AUFHAUSER, KG, W. GM; VEREINSBANK IM HAMBURG, W. GM; BANKHAUS FRIEDRICH SIMON KGA. A. W. GM., associates, MR.

14 Former Governor-General Roland Michener, 1967-1973

Chairman, 1974, The Metropolitan Trust Co; see above no. 13 - MR.

15 Senator D.D. Everett

General Foods Ltd, 1973-74; GENERAL FOODS CORP USA

16 Senator Maurice Bourget

Brinco Ltd, 1971-1974; THE RIO TINTO-ZINC CORP LTD UK, associate - MR.

17 **Senator Daniel Aiken Lang**

Procor Ltd, 1970-74; TRANS UNION CORP USA

P.L. Robertson Manuf'g Co Ltd, 1971-74; TRANS UNION CORP USA

18 **Senator Richard Stanbury**

The Metropolitan Trust Co, 1968-1974; see above no. 13 - MR.

19 **Senator John Lang Nichol**

Crown Zellerbach Canada Ltd, 1971-74; CROWN ZELLERBACH USA - Dom.

Time Canada Ltd, 1973-74; TIME INC USA

Bethlehem Copper Corp Ltd; GRANGES AB SWEDEN: SUMITOMO METAL MINING CO LTD JAPAN, associates - MR.

20 **Senator Hartland De M. Molsen**

Canadian Industries Ltd, 1951-1974; IMPERIAL CHEMICAL INDUSTRIES LTD UK - Dom.

Stone and Webster (Canada) Ltd, 1953-1973; STONE AND WEBSTER INC USA

21 **Senator E.C. Manning**

McIntyre Porcupine Mines Ltd, 1969-1973; THE SUPERIOR OIL CO USA, associate - MR.

The Alberta Gas Trunk Line Co Ltd, 1971-72; GULF OIL CORP USA, associate - Dom.

22 **Senator Thomas Vien**

Canadian Packaging Ltd, 1965-1972; BUNZIL PULP AND PAPER CO UK

Sheraton Inc, 1951-1972; ITT SHERATON INTERNATIONAL INC USA

23 **Senator Salter Hayden**

Vice-president and director, 1951-55, 1967-73, director 1974, National Carbon Ltd; UNION CARBIDE CORP USA

Union Carbide Canada Ltd, 1955-64, 1967-72; UNION CARBIDE USA

Senator Hayden continued

Vice-president and director, 1966-73, director 1974, Dominion Oxygen Co Ltd; UNION CARBIDE USA - MR.

Vice-president and director, 1966-1973, director 1974, Domet Ltd; UNION CARBIDE USA

Vice-president and director, 1966-1973, director 1974, Visking Ltd; UNION CARBIDE USA

President 1966, Vice-president and director 1967-73, director 1974, Ucar Ltd; UNION CARBIDE USA

Parker Pen Co Ltd, 1949-1964, 67-70, 73-74; THE PARKER PEN CO USA

24 Senator Lazarus Phillips

Fleetwood Corp, 1966-74; GTE INTERNATIONAL USA

The Great Universal Stores of Canada Ltd, 1966-74; GREAT UNIVERSAL STORES LTD UK

Trizec Corp Ltd, 1966-74; STAR (GREAT BRITAIN) HOLDINGS LTD - Dom.

25 Senator Andrew Ernest Jos. Thompson

Chairman, Canadian Food Products Ltd, 1972-73; KELLOG CO USA

26 Senator Paul Desruisseaux

Canadian General Electric Co Ltd, 1973-74; GENERAL ELECTRIC USA

PPG Industries (Canada) Ltd and PPG Foundation, 1973-74; PPG INDUSTRIES INC USA

27 Senator John Black Aird

AMERICAN METAL CLIMAX INC NEW YORK USA, 1973-74

The National Life Assurance Co of Canada, 1973-74; CONTINENTAL CORP USA - MR.

Canada Tungsten Mining Corp Ltd, 1973-74; AMERICAN METAL CLIMAX INC USA

28 Senator Alan Aylesworth MacNaughton

Chairman, Pirelli Canada Ltd, 1971-74, Director 1969-70; INTERNATIONALE PIRELLI SA, STE, SWITZERLAND

Senator MacNaughton continued

Swiss Corporation for Canadian Investments, 1961-74; SCHWEIZERISCHE BANKVEREIN, SWITZERLAND

Cunard International Canada Ltd, 1972-74; TRAFALGAR HOUSE INVESTMENTS LTD UK

SBC Financial Ltd, 1972-74; as in no. b. - MR.

Federation Insurance Co of Canada, 1973-74, 1962-74; HELVETIA SCHEIZ, FEUER-VERSICHERUNGS-GESELLSCHAFT, SWITZERLAND

Brown Boveri (Canada) Ltd, 1964-1974; AG. BROWN BOVERI AND CIE SWITZERLAND

Canadian Phoenix Steel and Pipe Ltd, 1967-1973; AUGUST THYSSEN HUTTE AG. W. GM

International Trust Co, 1968-74; FIRST NATIONAL CITY CORP USA

The Ontario-Minnesota Pulp and Paper Co Ltd, 1974; BOISE CASCADE CORP USA

International advisor SWISS BANK CORP, 1972-74, Basle, Switz.

Miamichi Timber Resources Ltd, 1970-74; BOISE CASCADE CORP USA, CARTIERE AMBROGIO BINDA S.p. A., ITALY; CARTIERE RIUNITE DONZELLI AND MERIDIONALE ITALY; G. HAINDL'SCHE PAPIER-FABRIKEN AUGSBERG, W. GM.

29 Senator Louis Gelinas

Vice-president and director, 1971-74, director 1965-70, The Mercantile Bank of Canada; FIRST NATIONAL CITY CORP USA - MR.

Canadian International Paper Co Ltd, 1947-1974; INTERNATIONAL PAPER CO USA

Great Universal Stores, 1957-1973; GREAT UNIVERSAL STORES UK

Gerling Global General Insurance 1973-74; GERLING-KONZERN W. GM., associate

Greyhound Leasing and Financial Ltd, 1973-74; GREYHOUND USA

Manicouagan Power Co, 1973-74; REYNOLDS METALS CORP USA, associate

North American Car (Canada) Ltd, 1973-74; NORTH AMERICAN CAR CORP USA

Sicard Inc, 1973-74; PACCAR INC USA

Senator Gelinas continued

Canada Cement Lafarge Ltd, 1973-74; CIMENTS LAFARGE SA, FRANCE - Dom.

Foster Wheeler Ltd, 1973-74; FOSTER WHEELER CORP USA

Delta-Benco, 1974; THE BRITISH ELECTRIC TRACTION CO LTD UK

Gerling Global Reinsurance Co, 1974; GERLING-KONZERN W. GM. associate

30 Senator Louis-Philippe Beaubien

Canadair, 1961-1974; GENERAL DYNAMICS INTERNATIONAL CORP USA - MR.

Holt Renfrew and Co Ltd, 1963-1974; CIT FINANCIAL CORP USA

Canada and Dominion Sugar Co, 1964-1972; TATE AND LYLE LTD UK - MR.

Redpath Industries Ltd, 1973-74; TATE AND LYLE LTD UK

Table XX: MNEs Represented by Canadian Businessmen-Politicians During the Period 1972-74

AMERICAN

	MNE	FORTUNE RANK 1973	POLITICIANS
1	WEYERHAEUSER	58	Nicholson
2	WESTINGHOUSE ELECTRIC	14	Pepin
3	PHILIP MORRIS	92	Sauve
4	CELANESE CORP	100	Pepin, Sinclair
5	REYNOLDS METAL	115	Lesage, Gelinas
6	NORTH AMERICAN CAR	—	Pearson, Gelinas
7	UNION CARBIDE	28	Hayden
8	GENERAL FOODS	46	Everett
9	ITT SHERATON INTERNATIONAL		Vien
10	PARKER PEN	965	Hayden
11	TRANS UNION CORP	402	Lang
12	CROWN ZELLERBACH	122	Nichol
13	TIME INC	219	Nichol
14	GULF OIL CORP	10	Manning
15	SUPERIOR OIL	630	Manning
16	COLLINS RADIO	401	Pepin
17	FOSTER WHEELER	279	Gelinas
18	PPG INDUSTRIES	109	Desruisseaux
19	BOISE CASCADE	128	MacNaughton
20	STONE AND WEBSTER	—	Molsen
21	KROEHLER MANUF'G	694	Fleming
22	RESERVE OIL AND GAS	—	Fulton

MNE		FORTUNE BANK	POLITICIANS
23	INTERNATIONAL PAPER	57	Gelinas
24	GREYHOUND CORP	32	Gelinas
25	PACCAR INC	211	Gelinas
26	AMERICAN METAL CLIMAX	126	Aird
27	CONTINENTAL CORP	8(Div-Fin)	Aird
28	GTE INTERNATIONAL	—	Phillips
29	CIT FINANCIAL CORP	11(Div-Fin)	Beaubien
30	GENERAL DYNAMICS INTERNATIONAL CORP	96	Beaubien
31	BIGELOW-SANFORD INC	—	Lesage
32	SPERRY AND HUTCHINSON	—	Lesage
33	MANUFACTURERS NATIONAL BANK OF DETROIT	45(Comm-Banking)	Harkness, Michener, Stanbury
34	NATIONAL BANK OF DETROIT	18(Comm-Banking)	Fulton
35	FIRST NATIONAL CITY	2(Comm-Banking)	Gelinas, MacNaughton
36	GENERAL ELECTRIC	5	Desruisseaux
37	KELLOG CO	197	Thompson

BRITISH

38	THE BRITISH PETROLEUM CO LTD		Sauve
39	UNILEVER LTD		Lesage
40	BUNZL PULP AND PAPER CO LTD		Vien
41	IMPERIAL CHEMICAL INDUSTRIES LTD		Sinclair, Molsen
42	THE RIO TINTO-ZINC LTD		Bourget
43	LONDON MERCHANT SECURITIES LTD		Fleming
44	BRITISH MATCH CORP LTD		Fulton

MNE		POLITICIANS
45	FRIENDS' PROVIDENT AND CENTURY LIFE OFFICE	Wm. M. Hamilton
46	TATE AND LYLE LTD	Beaubien
47	GREAT UNIVERSAL STORES LTD	Phillips, Gelinas
48	STAR (GREAT BRITAIN) HOLDINGS LTD	Phillips
49	THE BRITISH ELECTRIC TRACTION CO LTD	Gelinas
50	TRAFALGAR HOUSE INVESTMENTS LTD	MacNaughton

WEST GERMANY

51	BANKHAUS H. AUFHAUSER KG	Michener, Harkness, Stanbury
52	BANKHAUS FRIEDRICH SIMON KGa. A	Michener, Harkness, Stanbury
53	VEREINSBANK im HAMBURG	Michener, Harkness, Stanbury
54	GERLING-KONZERN	Gelinas
55	G. HAINDL'SCHE PAPIERFABRIKEN AUGSBERG	MacNaughton
56	AUGUST THYSSEN HUTTE AG	MacNaughton

SWITZERLAND

57	INTERNATIONALE PIRELLI SA, STE.	MacNaughton
58	SCHWEIZERISCHE BANKVEREIN	MacNaughton
59	BROWN BOVERI AND CIE	MacNaughton
60	HELVETIA SCHEIZ FEUER-VERSICHERUNGS-GEZELLSCHAFT	MacNaughton

FRANCE

61	CIMENTS LAFARGE SA	Marler, Sinclair, Flynn, Gelinas
62	SOLETANCHE	Lesage
63	FINANCIERE DE PARIS ET DES PAYS-BAS	Pepin

MNE	POLITICIANS
ITALY	
64 CARTIERE AMBROGIO BINDA S.p.a.	MacNaughton
65 CARTIERE RIUNITE DONZELLI AND MERID IONALE	MacNaughton
BELGIUM	
66 PETROFINA SA	Greene
SWEDEN	
67 GRANGES AB	Nichol
JAPAN	
68 HONSHU MANUFACTURING CO	Nicholson
69 MITSUBISHI CORP	Nicholson
70 SUMITOMA METAL MINING CO LTD	Nichol

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